

Bequests

Various Bequest Options

Here are eight generally accepted ways to make a bequest. You might discuss them with your attorney as you prepare to update your will.

1. **Specific bequest.** This is a gift of a specific item to a specific beneficiary. For example, "I give my golf clubs to my nephew, John." If that specific property has been disposed of before death, the bequest fails and no claim can be made to any other property. (In other words, John wouldn't receive the value of the golf clubs instead.)
2. **General bequest.** This is usually a gift of a stated sum of money. It will not fail, even if there is not sufficient cash to meet the bequest. For example, "I give \$50,000 to my daughter Mary." If there is only \$2,500 cash in the estate, other assets must be sold to meet the bequest.
3. **Contingent bequest.** This is a bequest made on condition that a certain event must occur before distribution to the beneficiary. For example, "I give \$50,000 to my son, Joe, provided he enrolls in college before age 21." A contingent bequest is specific in nature and fails if the condition is not met. (A contingent bequest is also appropriate if you want to name a secondary beneficiary, in case the primary beneficiary doesn't survive you.)
4. **Residuary bequest.** This is a gift of all the "rest, residue and remainder" of your estate after all other bequests, debts and taxes have been paid. For example, you own property worth \$500,000, and you intend to give a child \$50,000 by specific bequest and leave \$450,000 to a spouse through a residuary bequest. If the debts, taxes and expenses are \$100,000, there would only be \$350,000 left for the surviving spouse. Rather, you should divide your estate according to *percentages* of the residue (rather than specifying dollar amounts), to ensure that your beneficiaries receive the proportions you desire.

The previous items can apply in the case of bequests to individual heirs or bequests to charitable organizations.

The following items are special considerations when you plan a charitable bequest to help support the mission of the Area Agency on Aging of Northwest Arkansas Foundation.

5. **Unrestricted bequest.** This is a gift for our general purposes, to be used at the discretion of our governing board. A gift like this—without conditions attached—is frequently the most useful, as it allows us to determine the wisest and most pressing need for the funds at the time of receipt.
6. **Restricted bequest.** This type of gift allows you to specify how the funds are to be used. Perhaps you have a special purpose or project in mind. If so, it's best to consult us when you make your will to be certain your intent can be carried out.
7. **Honorary or memorial bequest.** This is a gift given "in honor of" or "in memory of" someone. We are pleased to honor your request and have many ways to grant appropriate recognition.
8. **Endowed bequest.** This bequest allows you to restrict the principal of your gift, requiring us to hold the funds permanently and use only the investment income they generate. Creating an endowment in this manner means that your gift can continue giving indefinitely.

For more information on a bequests call the Area Agency on Aging of Northwest Arkansas Foundation 1-800-432-9721 or email info@aanwar.org.

This information is not intended as legal, tax or investment advice. For such advice, please consult an attorney, tax professional or investment professional.