

Glossary of Terms

- **Administrator** ~ The person appointed by the court to manage one's estate when he or she dies without leaving a will. Administrators have the same duties as executors.
- **Annuity** ~ A sum of money payable yearly or at other regular intervals.
- **Appreciated Property** ~ Property, such as real estate or stock, which has increased in value.
- **Beneficiary** ~ An individual designated to receive benefits or funds under a will or other contract, such as an insurance policy, trust or retirement plan.
- **Bequest** ~ A gift or legacy left by will, typically personal property or assets.
- **Charitable Gift Annuity** ~ Typically an agreement in which you transfer cash or other assets to a charitable organization in exchange for its promise to pay you an annuity for life.
- **Charitable Trust** ~ A trust having a charitable organization as a beneficiary.
- **Codicil** ~ A legal instrument made to modify an earlier will.
- **Corporate Fiduciary** ~ An institution that acts for the benefit of another. One example is a bank acting as trustee. **Cost Basis** ~ The original value of an asset, such as stock, before its appreciation or depreciation.
- **Durable Power of Attorney** ~ A written legal document that lets an individual designate another person to act on his or her behalf, even in the event the individual becomes disabled or incapacitated.
- **Estate Tax** ~ A tax imposed at one's death on the transfer of most types of property. **Executor** (or **Personal Representative**) ~ The person named in a will to manage the estate. This person will collect the property, pay any debt and distribute your property or assets according to the will.
- **Fiduciary** ~ A person or institution legally responsible for the management, investment and distribution of funds. Examples include trustees, executors and administrators.
- **Gift Tax** ~ Tax on gifts generally paid by the person making the gift, rather than the recipient.
- **Gift - Tax Annual Exclusion** ~ The provision in the tax law that exempts the first \$12,000 (as adjusted for inflation) in present-interest gifts a person gives to each recipient during a year from federal gift taxes.
- **Grantor** ~ The person who transfers assets into a trust for the benefit of him/herself or others. **Gross**
- **Estate** ~ The total property or assets held by an individual as defined for federal estate tax purposes.
- **Guardian** ~ An individual legally appointed to manage the rights and/or property of a person incapable of taking care of his or her own affairs.
- **Inter vivos Trust** ~ A type of trust created during one's lifetime to hold property for the benefit of him/herself or another person.
- **Interest** ~ Any right or ownership in property. **Interstate** ~ The term applied when an individual dies without a will.
- **Joint Ownership** ~ The ownership of property by two or more people, usually with the right of survivorship.
- **Life Insurance Trust** ~ A trust that has an individual's life insurance policy as its principal asset.
- **Living Trust (Revocable)** ~ A revocable trust established by a grantor during his or her lifetime in which the grantor transfers some or all of his or her property into the trust.
- **Living Will** ~ A legal document directing that the maker's or signer's life is not to be artificially supported in the event of a terminal illness or accident.
- **Marital Deduction** ~ A deduction allowing for the unlimited transfer of any or all property from one spouse to the other generally free of estate and gift tax.
- **Power of Attorney** ~ A written legal document that gives an individual the authority to act for another.
- **Powers of Appointment** ~ A right given to another in a written instrument, such as a will or trust that allows the other to decide how to distribute the property. The power of appointment is "general" if it places no restrictions on whom the distributees may be. A power is "limited" or "special" if it limits who the eventual distributees can be.
- **Probate** ~ The court process for determining the validity of a deceased person's will.
- **Testamentary Trust** ~ A trust that is created upon death by the terms of a person's will or living trust. **Testator** ~ An individual who dies leaving a will or testament in force.
- **Trust** ~ A written legal instrument created by a grantor for the benefit of him/herself (during life) or others (during life or at death).

- **Trustee** ~ The individual or institution entrusted with the duty of managing property placed in the trust. A "co-trustee" serves as trustee with another. A "contingent trustee" becomes trustee upon the occurrence of a specified future event.
- **Unified Credit** ~ A federal tax credit that offsets gift tax and estate tax liability. For gift tax purposes, the unified credit remains at \$345,800 through 2009, which is equivalent to an applicable exclusion amount of \$1 million. For estate tax purposes, the unified credit is \$780,800 in 2006 through 2008, and \$1,455,800 in 2009, which is equivalent to an applicable exclusion amount of \$2 million in 2006 through 2008 and \$3.5 million in 2009.
- **Will** ~ A legally executed document that directs how and to whom a person's property is to be distributed after death.

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This information is not intended as financial or legal advice. For financial or legal advice, please consult your financial advisor or attorney.

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