

Glossary of Gifting Terms

Kids and Aspirin Products Don't Mix!



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Annuity: A contract, legal obligation, to pay specified amounts over a specified period of time to a specified individual(s) in exchange for cash, securities, or other tangible property.

Beneficiary: One named in a Will, Trust or other legal document to receive an interest in an estate.

Bequest: A direction in a Will to pay over or distribute personal property. Also called a Legacy.

Estate Tax: A tax on the net value of property subject to tax ("taxable estate") plus the sum of "adjusted taxable gifts" at the time of a person's death. It is based essentially on the right to transfer or transmit.

Gift Tax: A tax on the donor of inter-vivos gifts (those made during life), based on the right to transfer or transmit, and payable primarily by the donor.

Grantor: The creator of a trust or other legal instrument.

Gross Estate: Everything in which the deceased person owned an interest in at the time of death. It embraces such items as life insurance, or partial interests in joint property, and transfers intended to take effect at or after death, or when the power to change the enjoyment of the property has been retained.

Insurance Trust: A trust consisting of life insurance policies or proceeds. Funded Insurance Trust - A trust to which other property is transferred to be used, with the income, for the payment of premiums. Unfunded Insurance Trust - A trust which contains no fund for payment of premiums.

Irrevocable Trust: A trust that cannot be changed or dissolved.

Legacy: A disposition of personal property by a Will.

Life Estate: Gift of property in which the donor retains the right to use the property for life.

Life Income Agreement: A gift of a principal sum, property, or securities with a stipulated life income paid to the donor or another person for his or her lifetime(s).

Life Income Trust: A plan whereby gift assets are placed in trust for the lifetime benefit of an income beneficiary, with the remainder going to another beneficiary.

Personal Property: Tangible - jewelry, artwork, antiques, clothing. Intangible - stocks, bonds, notes, patents.

Probate: The process of proving a Will's validity; used loosely to mean the administration of an estate.

Real Property: Includes land, buildings, and items attached in a relatively permanent manner, such as escalators and light fixtures.

Remainder: The amount remaining in a trust after income payments have ended. A remainder is vested when payable to a designated beneficiary, or to a class of beneficiaries whether or not living at the termination of the trust. It is contingent when dependent on some occurrence or event to take place in the future.

Revocable Trust: A trust that can be changed or dissolved at any time by the grantor.

Testamentary: A trust established through the Will of a grantor.

Testate: Dying with a valid Will.

Trust: An arrangement whereby property is held by an individual or institution for the benefit of others.

Trustee: Party legally responsible for carrying out the terms and performance of a trust.

Will: A legal instrument disposing of a person's property at the time of his or her death.