

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 fixed 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 left in a will, typically personal property or assets.

Charitable Gift Annuity

Typically an agreement in which cash or other assets are transferred to a charitable organization in exchange for its promise to pay an annuity for life or for a term of years.

Charitable Trust

A trust having a charitable organization as a beneficiary.

Codicil

A legal instrument made to modify an earlier will.

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.

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 \$11,000 (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 another.

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.

Interest

Any right or ownership in property.

Intestate

The term applied when an individual dies without a will.

Irrevocable

An agreement that cannot be changed or terminated without the agreement of the current beneficiary.

Joint Ownership

The ownership of property by two or more people, usually with the right of survivorship.

Life Insurance Trust

A trust that has the proceeds of an individual's life insurance policy as its principal.

Living Trust

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.

Probate

The court process for determining the validity of a deceased person's will.

Revocable

The ability of a donor either to change or terminate an agreement without having to get consent from the current beneficiary.

Testator

An individual who dies leaving a will or testament in force.

Trust

A written legal instrument created by a grantor during his or her lifetime or at death for the benefit of another.

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.

Will

A legally executed document that directs how and to whom a person's property is to be distributed after death.