

Protecting Your Legacy: Ensuring Your Charitable Intentions Are Honored Under Your Estate Plan

Michael D. Aronson

The idea of reviewing your estate plan and addressing potential issues early and often is not a new one. In these volatile and uncertain times, even documents that were recently drafted may warrant another look for new opportunities that can be addressed or risks that may need to be mitigated in light of current events. For those who are philanthropically minded, one area of estate planning that requires vigilance is the designation of charitable organizations as beneficiaries.

“The time to repair the roof is when the sun is shining...”
– John F. Kennedy

COVID-19 May Put Your Gift in Jeopardy

Over the years, we have worked with several clients who wish to benefit a specific charity in some significant way in their estate plans. Oftentimes, that charity stands to inherit an entire estate if there are no children, if there is an estranged relationship with extended family, or if a child does not survive his or her parents. In the past, our clients named their favorite charity as a beneficiary and never thought twice about that designation. However, today, that “set it and forget it” mentality can have unforeseen consequences. In the wake of the pandemic, many charities are struggling to survive. We are seeing an increasing number of non-profit organizations having to merge into larger charities that may or may not have the same mission or simply having to close their doors altogether.

In a recent survey, over one-third of nonprofits said they may be forced to shut down within the next twelve months as a result of the pandemic, and only about 37% said they can remain open no matter what the pandemic brings.¹

Making Sure Your Gift is Given as Intended

If you have a charity named in your documents, now is a good time to review that designation to make sure the charity still exists and remains aligned with the purpose it embraced when you first designated it as a beneficiary. Taking the time to confirm the charity’s existence and reaffirm alignment can mean the difference

¹ https://www.cafamerica.org/wp-content/uploads/3_CV19_Report_6_10.pdf

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between your estate benefitting those you intend to benefit and your estate falling into the hands of an individual you had no desire to benefit or an organization whose mission and values diverge from yours.

Here are a few tips for future-proofing your charity beneficiary designations:

1. Be specific about your wishes if the charity you named has changed hands or is no longer in existence.

Adding explicit instructions in your documents for how to proceed if that charity is no longer in existence will avoid estate assets you earmarked for charity going to unintended non-charitable beneficiaries. For example, you could add a simple one to two sentence amendment that directs the executor to distribute funds to a charity whose mission closely aligns with the one named, if the one named is not in existence. You might even want to restate the mission of the charity you explicitly named to ensure there is no confusion in case its mission changes between the time you name them and the time they stand to inherit assets.

2. Consider placing restrictions on the use of your gift.

Another option is to impose clear written limitations on how your gift may be expended.

3. Consider alternative philanthropic strategies.

There are a variety of funding vehicles, from donor-advised funds to private foundations, that have the potential to offer additional flexibility and control. Consider talking to your professional advisors – your attorney, account, and financial advisor – about options that may align with your charitable vision.

As you think about your charitable intentions, digging those estate planning documents out of the filing cabinet and refreshing your memory about their content may be the best place to start.

About the Author



Michael Aronson is a Financial Advisor, Family Wealth Advisor and Head of the [Flagler Group at Morgan Stanley](#). The Flagler Group helps accomplished families and individuals navigate the challenges and complexities of wealth. Mike leads the team in expanding our understanding of each of our clients, looking for risks and opportunities, even beyond their investment portfolios. Our mission is to help our clients achieve a feeling of comfort and preparedness, knowing they can address the important financial decisions that will impact them and their family. Mike can be reached by email at Michael.D.Aronson@MorganStanley.com, or by phone at 561.820.2347. His office is located at 777 S. Flagler Drive, Suite 700E, West Palm Beach, Florida, 33401.

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