

## **GLOSSARY OF TERMS**

**401(k) PLAN:** A defined contribution plan offered by a corporation to its employees, which allows employees to set aside tax-deferred income for retirement purposes. The name 401(k) comes from the IRS section describing the program.

**403(b) PLAN:** A retirement plan similar to a 401(k) plan, but offered by non-profit organizations, such as universities and some charitable organizations, rather than corporations.

**AFFIDAVIT:** A written or printed declaration or statement of facts, made voluntarily, and confirmed by the oath or affirmation of the party making it, taken before a person having authority to administer such oath or affirmation.

**AFFIDAVIT OF TRUST:** A document that contains all the information needed by people you do business with. Along with specific pages from your living trust, it enables you to avoid disclosing the particulars of your living trust plan.

**ANNUITANT:** The party entitled to receive payments from an annuity contract.

**ANNUITY:** A fixed sum payable to a person at specified intervals for a specific period of time or for life. Payments represent a partial return of capital and a return (interest) on the capital investment.

**ASSET HOLDER:** The company where your assets are invested. Same as financial institution.

**BENEFICIARY:** Person or entity entitled to take proceeds on death of insured.

**BENEFICIARY CHANGE FORM:** A form which allows you to change the beneficiary designations of your policy or account. Most insurance companies and companies that hold tax-deferred assets provide specific forms for their needs.

**BOND POWER:** A Bond Power is a form used in lieu of signing directly on a bond.

**CERTIFICATION (CERTIFIED COPY):** A statement by an authorized party that the copy is a true and correct copy and is still in full force and effect.

**CLIENT INFORMATION PACKET:** A booklet prepared by Wilson Law Group to gather financial data for estate planning and funding purposes.

**CLIENT LEDGER:** Excel worksheet that lists details of your assets and provides spaces to track progress of the funding process. Same as Funding Worksheet.

**CONTINGENT BENEFICIARY:** The person or entity who will receive the proceeds if the primary beneficiary dies or is no longer in existence, or if the primary beneficiary disclaims the proceeds, on the death of the insured.

**DEED:** A conveyance of realty; a writing signed by grantor, whereby title to realty is transferred from one to another.

**DISINTERESTED WITNESS:** A witness who is neither a beneficiary nor a relative of the policyholder.

**FINANCIAL INSTITUTION:** The company where your assets are invested. Same as asset holder.

**FOLLOW-UP FUNDING:** Contacts with financial institutions that have not verified that the transfer is complete.

**FUNDING:** The process of re-titling assets or designation beneficiaries for the benefit of the trust.

**FUNDING COORDINATOR:** Person who is assigned to do the work of transferring your assets from your personal name to the name of your trust.

**FUNDING WORKSHEET:** Excel checklist that details your assets and provides spaces to track progress of the funding process. Same as client ledger.

**GRANTEE:** The recipient of a transfer.

**GRANTOR:** The originator of a transfer. The creator of a trust is usually designated as the grantor of the trust.

**INDIVIDUAL RETIREMENT ACCOUNT (Traditional IRA):** Individuals with earned income are permitted, under certain circumstances, to set aside a limited amount of such income per year for a retirement account. The amount so set aside can be deducted by the taxpayer and is subject to income tax only upon withdrawal.

**INITIAL FUNDING:** Initial Funding includes the initial funding contact with the client, preparing the initial funding documents, and the initial contact with financial institutions.

**KEOGH PLAN:** A designation for retirement plans available to self-employed taxpayers. Such plans extend to the self-employed tax benefits similar to those available to employees under qualified pension and profit sharing plans.

**LAND CONTRACT:** A method of selling real estate in which the seller provides the financing and retains title until the contract is paid in full.

**MEDALLION GUARANTEE:** A means of assuring that a signature is genuine. Although they are similar in nature, transfer agents do *not* accept a Notary Stamp as an

acceptable substitute for a Medallion Guarantee. You can obtain a Medallion Guarantee from financial institutions or brokerage firms.

**NOTARY PUBLIC:** One who is authorized by the state or federal government to administer oaths and to attest to the authenticity of signatures.

**POD:** Payable on death.

**POWER OF ATTORNEY:** An instrument in writing whereby one person, as principal, appoints another as his or her agent and confers authority to perform certain specified acts on behalf of principal.

**PRIMARY BENEFICIARY:** The person or entity named in the policy who is to receive the proceeds on the death of the insured. If the primary beneficiary is not alive or in existence on the death of the insured, or if the primary beneficiary disclaims the proceeds, the proceeds are payable to the contingent beneficiary.

**PROMISSORY NOTE:** A signed paper promising to pay a certain sum of money.

**ROTH IRA:** Individuals with earned income are permitted, under certain circumstances, to set aside a limited amount of such income per year for a retirement account. The amount so set aside cannot be deducted by the taxpayer, but is not subject to income tax upon withdrawal.

**SECURITIES:** Stocks, bonds, notes, convertible debentures, warrants, or other documents that represent a share in a company or a debt owed by a company or government entity.

**STOCK POWER:** A Stock Power is a form used in lieu of signing directly on a stock certificate.

**TAXPAYER IDENTIFICATION NUMBER (TIN):** The number used by the IRS to identify the taxpayer. The social security number of the grantor is the TIN of a revocable living trust. If the trust is joint, either spouse's social security number can be used.

**VENDEE:** A purchaser or buyer. One to whom anything is sold.

**VENDOR:** The person who transfers property or goods by sale.

**W-9 FORM:** A form to certify one's tax identification number. Transfer agents are required to obtain this form when assisting with a transfer. Even though a bond may be tax-exempt, transfer agents are required to have a current W-9 form presented for various transfers and payments.

