



The Two-I Test

“Betty and I have already done our planning,” the gentleman responded when he learned that part of my ministry is assisting people with their wills and estate planning.

“Good!” I replied. “Or, it may be good-- if it passes the Two-I test.”

“What,” he asked, “is the Two-I test?”

“Some people,” I explained, “make plans to give everything to their children without asking themselves how this may affect their children’s Integrity and Initiative.”

“Hmmm...” He seemed to be thinking-- perhaps about what consequences his current estate plan might have for his daughter and son.

Giving too much, or in the wrong way, or everything at once can have unintended harmful consequences, I reflected. I told him of my visit to a young man in jail who had gotten off on the wrong track when he inherited too much too soon.

As every parent knows, gifting to children can be tricky. To each equally, or according to need, or according to ability to use it well? Now, or later?

One approach that helps to preserve an inheritor’s integrity and initiative is to spread the inheritance out over time, giving the recipient time to learn how best to use and manage it. Instead of a single lump-sum inherited all at once, parents might consider providing a series of predictable payments spread out over a number of years.

An excellent way to do this while also possibly reducing taxes is by using a charitable remainder trust that pays income to children for a period of years. At the end of the term of years, the principal in the trust may be distributed to church and other charitable organizations. This is sometimes referred to as a “Give It Twice Trust,” since it gives the same gift first to children (income), and then to charity (principal). This could be one way to make a generous gift to your church while caring for the best interests of the children.

Make no mistake about it, being good stewards in making gifts to our children is no easy task. The Two-I test may help us to think through a plan that holds most promise in our family’s own circumstances. I’m always happy to help you to think through your options.