Estate Planning 101

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Common Estate Planning Questions

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What is an estate plan?

A comprehensive plan that addresses how **you** and **your stuff** are to be managed.

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What if I do not have an estate plan?

The **state** will decide what happens to **you** and **your stuff**.

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What is probate?

- The court process of determining
  - whether a person (the decedent) died with a valid will
  - who will wind up the affairs of the decedent
  - who will receive the decedent's money and property
- Downsides of probate
  - time-consuming
  - expensive
  - matter of public record, not private

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Can I just add someone as a joint owner?

It is technically possible, but you are putting your money and property **at risk**.

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Can I just complete a transfer-on-death or payable-on-death designation?

You can direct that some accounts be transferred to named individuals upon your death.

Risks:
- The named person predeceases you.
- You should not name a minor as a beneficiary.
- The account would become **vulnerable** to your **beneficiary's creditors**.

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Then how do I avoid probate?

Ensure that no accounts or property are owned by you alone. If they are in your name alone, a beneficiary must be designated.

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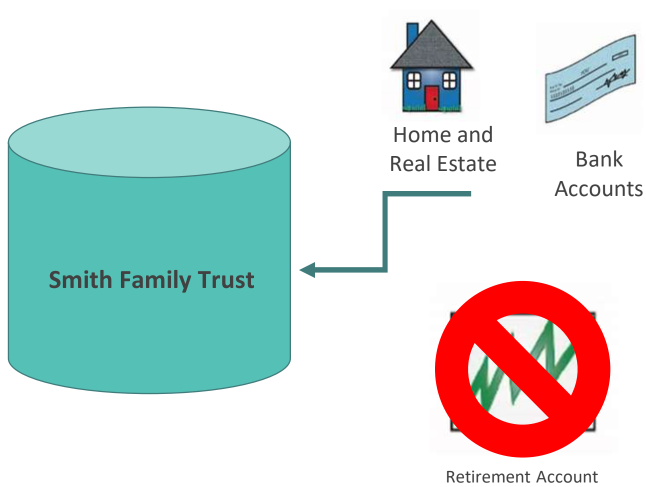
Creating a Revocable Living Trust

Trustee
- You
- Successor

Beneficiaries
- You
- Loved ones



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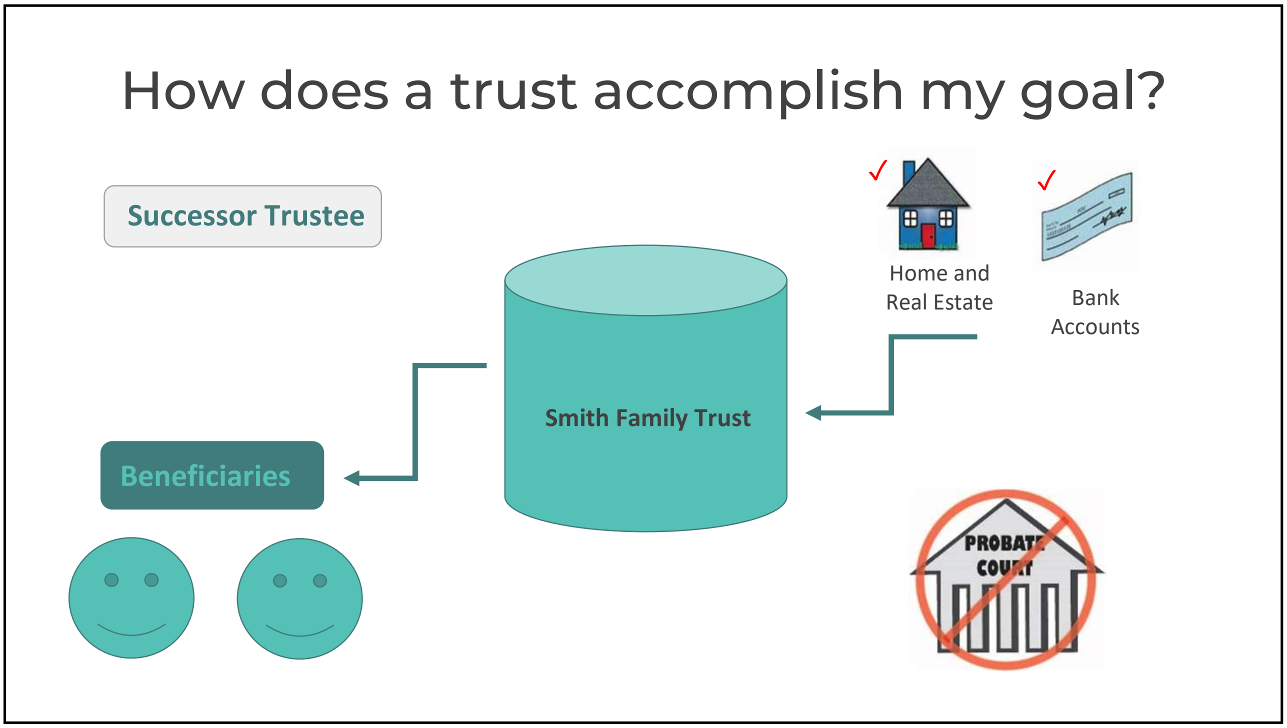
How does a trust accomplish my goal?
Successor Trustee
Home and
Real Estate
Bank
Accounts
Smith Family Trust
Beneficiaries

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People Needing
Special Consideration

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Minor Children: Appointing a Guardian

- **Guardian of the Person** – Someone who has the legal authority to make decisions about your child's personal wellbeing (medical, residence, etc.) if you die or are otherwise unable to care for your child.
- **Guardian of the Estate** – Someone who has the legal authority to manage money in the name of your child.

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Minor Children: Protecting Their Inheritance

- A trust is the best way to go.
  - You choose who will manage the property and money
  - You determine when and how the money is distributed to the child
- Without a trust or a will, the judge decides who will manage the money and property until the child reaches the age of majority (18)
- Without a trust, the money is distributed outright to the child upon reaching the age of majority (18)

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Those Who Need Help Managing Money

- Common reasons beneficiaries may need extra help:
  - They are bad with managing money
  - They currently have creditors trying to collect from them
  - They are in a job that has a high risk of lawsuits
  - There is a possibility that they could get divorced
- A trust protects beneficiaries' inheritances instead of gifting it to them outright
- It ensures that they get maximum enjoyment and your legacy lives on

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Blended Families

- Several issues to be addressed
  - Separate property
  - Providing for children – yours, mine, and ours
  - Outstanding obligations – prenuptial Agreements, divorce settlements, etc.

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Special Needs

- Can be anyone: grandparent, parent, child, grandchild, etc. It is any beneficiary who is or might be receiving government benefits.
- An inheritance has to be structured the right way or the beneficiary will lose their benefits.
- A special/supplemental needs trust can help ensure that the beneficiary receives enjoyment from the inheritance without losing government benefits.

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Business Owners

- Your business is no different than your home or bank account when it comes to estate planning.
- However, you cannot just name a beneficiary and move on.
- It involves much more complex planning.
  - Who will run the business if you are unable to?
  - At retirement, do you want to keep the business in the family or sell it?
    - Who will you sell it to?
    - How much do you need to sell the business for to walk away financially secure?
    - When do you want to get out of the business?

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Pets

- Who will take physical custody of your pets?
- Should you leave money to take care of your pets?
  - Outright?
  - In trust?

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Other Important Estate Planning Documents

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Financial Power of Attorney

- A legal document in which you name an agent to conduct financial transactions on your behalf
  - sign a check
  - open a bank account
- Different types of financial powers of attorney
  - springing vs. immediate/durable
  - general vs. limited

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Medical Power of Attorney

- Allows you to name someone to make medical decisions for you if you are unable to communicate or make them yourself
- Choose this person wisely
  - Can they handle the responsibility?
  - Can they be available in an emergency?
  - Will they make the decisions that you would make for yourself.

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Advance Directive

- Allows you to provide directions about your end-of-life care.
- It is a gift to not leave your loved ones guessing.
- This document supplements your medical power of attorney.
- This is not a Do Not Resuscitate order.

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What should I do next?

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What should you do next?

- Review your estate plan. See if it is time to make changes or updates.
- Make sure your accounts are titled/beneficiary designations are updated to match your plan
- Tell your family/executors where you keep your **original will**
- If you have an iPhone, name a Legacy Contact (search for "Legacy Contact" and it come up.
- Have conversations with your family about the care you want at end of life: www.theconversationproject.org

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Questions?

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