

It's Your Estate,
Are You in Control?

Do You Need Estate Planning?

- Not just about taxes
- Not just about having a will and/or trust
- It's about making sure what you have goes:
 - ✓ to whom you want;
 - ✓ when you want;
 - ✓ and exactly the way you want;
 - ✓ all at the least cost and hassle possible to you and the people you **love**.

Do You Know...

- Who should inherit your assets?
- Which assets should they inherit?
- When and how should they inherit the assets?

DO YOU
KNOW?



Do You Know... (a few more ?'s)

- Who should be guardian for minor children or family members with special needs?
- Who should make health care and financial decisions if you become disabled?
- Are family members capable of managing assets after your death? If not, who?
- What will happen to your family business?
- Will your estate owe estate taxes? If so, how can they possibly be reduced?

How Are Assets Transferred At Death?

Probate

- Court process to:
 - ✓ Determine validity of the will
 - ✓ Appoint an executor or administrator
 - ✓ Notify creditors and pay valid claims
 - ✓ Distribute probate assets
- “Probate Property”

Non-probate

- Passing outside of probate
- Property passing by contract or beneficiary
 - ✓ Life Insurance & Annuities
 - ✓ Qualified Plans & IRAs
 - ✓ Payable-on-death or Transfer-on-death accounts
- Property owned jointly with “Right of Survivorship”
- Trusts

Why Do You Need a Will?

- To direct the distribution of your assets according to your wishes*
- To appoint a guardian for your minor children or family members with special needs
- To appoint an executor to manage your estate
- To establish trusts for your spouse, children or charities
- To take advantage of estate-tax saving strategies

** In certain instances, state law may supersede. Consult your attorney or legal advisor.*

Other Documents



A Durable Power of Attorney?



A Healthcare Power or Attorney?

Do I Need a Trust?



Potential Advantages of a Trust

Trusts may be used to help:

- Provide asset management for your heirs
- Avoid costs of a court-appointed trustee for minors
- Keep the distribution of your estate assets private
- Ensure that assets go to the people you intend
- Keep life insurance proceeds outside your taxable estate and provide liquidity for estate taxes and related costs

Types of Trusts

- Testamentary Trusts
- Inter-Vivos (or “Living”) Trusts
- Revocable Trusts
- Irrevocable Trusts

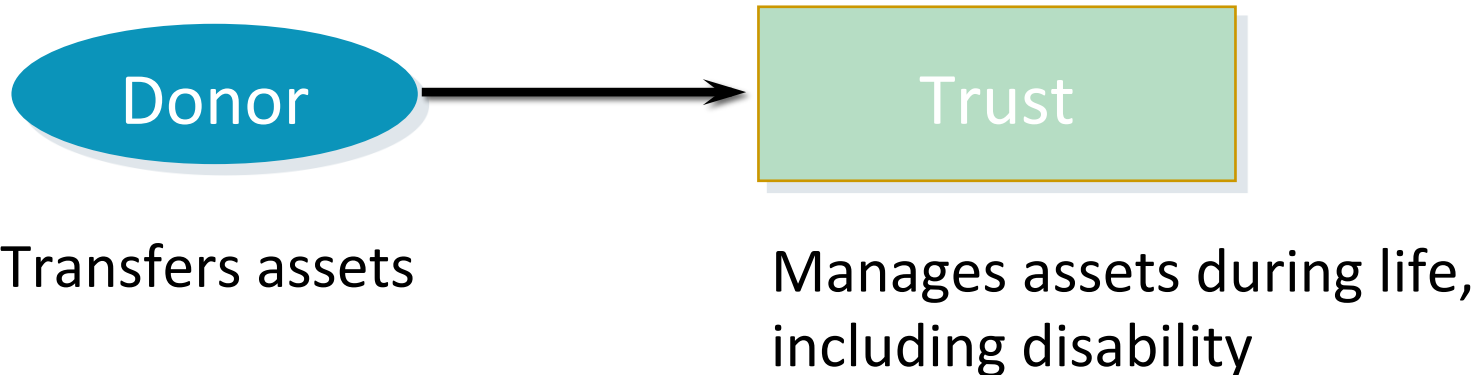


Revocable Living Trust

- Revocable Living Trust May Provide:
 - ✓ Avoidance of probate
 - ✓ Asset management
 - ✓ Distribution of assets after death
 - ✓ Privacy
 - ✓ Avoidance of probate in multiple states
- No estate tax savings
 - ✓ Because assets held in a revocable living trust are still part of your taxable estate, there is no direct estate tax savings from a living trust
 - ✓ But with proper drafting by your attorney, a living trust can offer many of the same benefits as a will, including saving estate taxes.

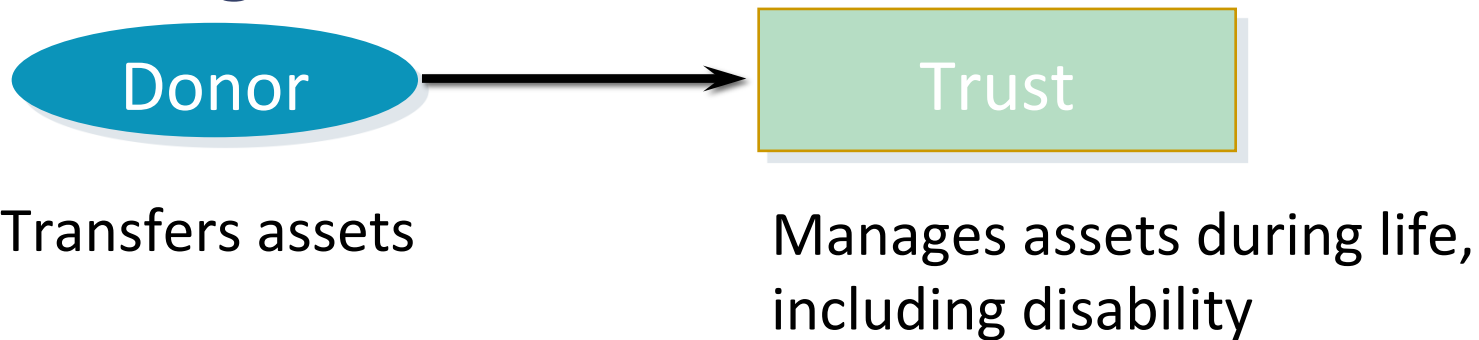
Revocable Living Trust

During Life

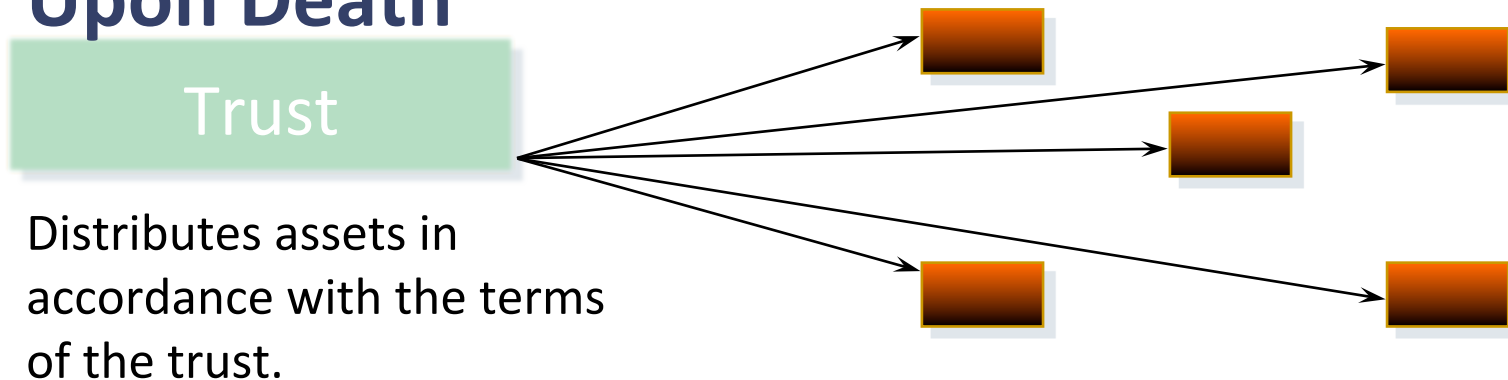


Revocable Living Trust

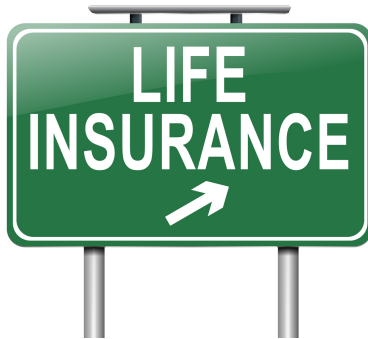
During Life



Upon Death



Beneficiary Planning



Life Insurance



Retirement Plans

Three Common Life Insurance Beneficiary Arrangements



Individual



Trusts



Charities

Naming Individuals as Beneficiaries

- **Simple and easy**
- **No additional costs**
- **Can use policy settlement options**

Planning Tips

- Avoid minors as outright beneficiaries
- Avoid estate as beneficiary
- ALWAYS name contingent beneficiaries
- Consult with an insurance professional



Naming Trusts as Beneficiaries

- **More Complex**
- **Additional costs**
- **Provide management of proceeds**
- **Provide protection against creditors and predators**



Planning Tips

- Seek expert legal counsel before naming a trust as beneficiary

Naming Charities as Beneficiaries

- **Simple**
- **No additional cost**
- **You maintain control**
- **May be partial or contingent beneficiary**
- **Can provide estate tax deduction at your death (if needed).**

Planning Tips

- Let your plans and wishes be known to the charity.



Beneficiary Planning for Qualified Retirement Plans

- **IRA**
- **SIMPLE IRA**
- **SEP-IRA**
- **401(k)**
- **403(b)**
- **457**
- **Keogh**



Importance of Beneficiary Planning for Qualified Retirement Plans

- May be a significant asset at your death
- Coordination with overall estate plan
- Post death planning choices for “designated” beneficiaries
- What is a “designated” beneficiary?
- Did you know that a “designated beneficiary” can receive minimum distributions over his/her life expectancy and continue to tax defer the earnings in your account?

Beneficiary Options

Designated Beneficiaries:

- Spouse
- Children, grandchildren, other individuals
- Trust

Non Designated Beneficiaries:

- Charity
- Estate



Spouse Beneficiary

A surviving spouse beneficiary has more options than any other beneficiary.

- Treat as his/her own
 - Change name on account
 - Spousal Rollover
- Remain as beneficiary



Non Spouse Beneficiary

- Cannot treat as their own
- Must take “minimum distributions” beginning Dec 31 of the year following the participant’s death.
- Can “stretch” over life expectancy
- Correct titling as “Inherited IRA”

Potential Benefit of a “Stretch”

Total Income Distributed from IRA Over Beneficiary's Lifetime*

		<u>Value of IRA when inherited by beneficiary</u>		
Age	Life Exp.	\$50,000	\$100,000	\$500,000
20	63.0	\$912,560	\$1,825,121	
		\$9,125,603		
30	53.3	547,508	1,095,016	
		5,475,080		
40	43.6	334,799	669,598	
		3,347,989		
50	34.2	212,599	425,199	
		2,125,993		

*Assumptions: 7% annual return; only required minimum distributions withdrawn; income subject to income taxes.

Trust as Beneficiary

A trust can be useful for certain objectives, both tax and non tax, such as:

- Financial Management
- Ensure the “stretch”
- Must be properly drafted



A Word About...

- Multiple Beneficiaries
- Charities as Beneficiaries
- Estate as Beneficiary

Beneficiary Planning Tips

- Know the rules
- Review your current beneficiary designations
- Educate your beneficiaries
- Coordinate with your estate plan
- Seek expert advice

Any Questions

