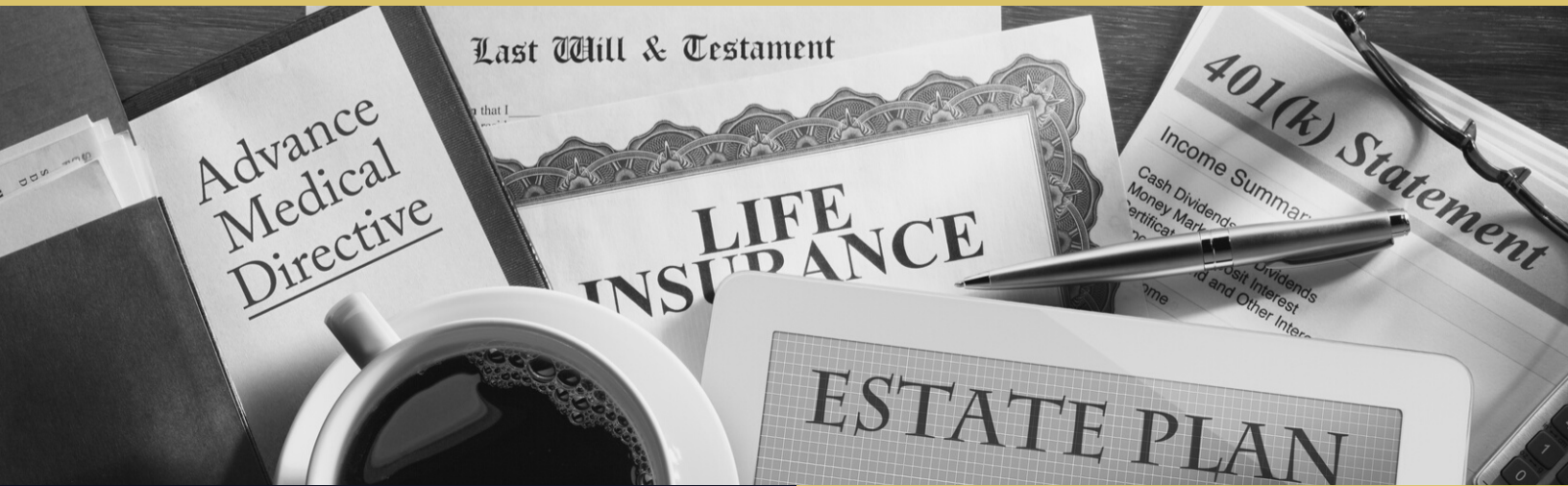


ESTATE PLANNING

Essentials to Know



What is estate planning?

It outlines who gets your assets after you pass away, as well as how your affairs should be handled if you are no longer able to take care of yourself and your estate.

Who needs estate planning?

If you have an income, a vehicle, a house, investments, a bank account or a combination of these things, you have an estate – and you need an estate plan.



Do you know what happens to your estate after you pass away?

Everything you own at the time of your death becomes your estate. Then, the estate goes through the *probate process*, where a probate court decides what happens to your assets. If you had a will, the court uses the will as their guide. If you didn't have a will or if it was invalid for some reason, you are considered to have *died intestate* and the court uses local intestacy laws to decide who inherits your assets.

ESTATE PLANNING CHECKLIST

Tools and information to create a comprehensive estate plan.

✓ A Will

A document that spells out who will receive your property upon your death. Having an up-to-date will potentially reduces unnecessary legal fees; expedites the legal process; appoints an executor to oversee and manage the distribution of your estate; appoints a guardian for minor children; and helps reduce confusion among loved ones.

✓ Power of Attorney (POA)

A document used to appoint an agent to manage your affairs. There are different types that serve different purposes and grant varying levels of authority to your agent.

- Durable POA
Effective immediately, allows agent to act and continue acting on your behalf if you become incapacitated; ends when you die.
- Non-Durable POA
Expires if you become incapacitated or die.
- Medical POA
Allows agent to make medical decisions for you if you cannot do so yourself.
- General POA
Gives agent broad power to act on your behalf (making financial, business, real estate or legal decisions).
- Limited (Special) POA
Allows agent to act on your behalf only for specific purposes.
- Springing POA
Only goes into effect if a certain event or medical condition is specified.

✓ A Trust

Dictates exactly how and when to pass assets to beneficiaries. This can be very important when beneficiaries are minors, or if you want to outline specific parameters on the amount of assets that adult beneficiaries can access over time. Unlike a will, a trust includes an incapacity clause if you experience a significant medical issue that interferes with your ability to make decisions.

✓ Life Insurance Policies

These provide for payment of the face value to your designated beneficiary upon your death. This beneficiary may be an individual, a trustee or charity. Or you can have the proceeds held by the insurance company for payment of either interest or fixed installments to your beneficiaries.

✓ Retirement Plan Accounts & Employee Benefits

These include pension or profit-sharing benefits, a 401(k) or Keogh plan, an IRA, group life insurance and stock options. They have written provisions for their disposition upon your disability, retirement or death. Social Security can be another important benefit at such times.

Top Five Estate Planning FAQs

What is the difference between a will and a trust?

They are both estate planning instruments that can work together to create a complete plan for an estate. Trusts cover only property placed in the trust, whereas wills cover anything owned solely by the person creating the will. Wills direct who receives property upon death and appoint a personal representative to handle your affairs after you pass, whereas a trust can distribute property during your life and after. Wills become effective after death, whereas some trusts are effective upon creation. Wills are public record, whereas generally a trust remains private.

When should I make updates to my estate plan?

Certain life events give reason to update an estate plan, including getting married, having children (by birth, adoption or marriage), divorce, death of a spouse, relocation, or change in status of a guardian, trustee or executor.

What can I do to prevent my family from contesting my will?

All families have disputes and sometimes these issues continue after your passing, which can disrupt the settling on an estate. Ensure your will is properly executed by working with an experienced attorney and explain your choices to your family while you are still alive.

What is durable power of attorney?

A power of attorney grants legal right to another person to make decisions for you in the event you are unable to do so. It is a powerful and useful estate planning tool, especially for anyone taking the responsibilities of caring for someone who is elderly. It also saves time and money. It is possible to create a limited power of attorney that allows for only certain tasks.

What will happen should I become medically incapacitated?

There are a number of healthcare directives and power of attorneys that can help ensure your healthcare and financial wishes are upheld should you become medically incapacitated for any reason - whether it be sudden illness or injury.