

A white car is driving on a paved road that curves through a vibrant field of yellow flowers. The scene is bright and sunny, with a large tree on the right side of the road. The overall atmosphere is peaceful and scenic.

BPAS

Estate Planning

In partnership with



Disclosure

This presentation was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational presentation.

Welcome to the Estate Planning Basics Workshop

Today we will discuss:

- The Unified Estate and Gift tax system
- How to use basic planning strategies to pursue your goals and objectives
- The elements of a good estate plan



What is Estate Planning

Preparations made to give your assets to...

- ✓ **Whom You Want**
- ✓ **When You Want**
- ✓ **The Way You Want**



...with the goal of minimizing tax consequences and legal fees



Why Plan?

Common goals of estate planning

Goal 1	Minimize estate taxes
Goal 2	Avoid probate and associated fees
Goal 3	Direct the distribution of your assets

Why Plan?

Celebrity Estate Planning gone wrong



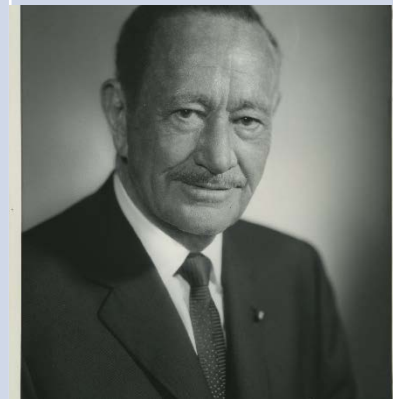
J.P. Morgan
Chairman, J.P.
Morgan & Co.
69% lost to taxes
and fees



Karen Carpenter
Singer / Actress
58% lost to taxes
and fees



**John D.
Rockefeller, Sr.**
Standard Oil
68% lost to taxes
and fees



Conrad Hilton
Hilton Hotels
53% lost to taxes
and fees

Unified Estate and Gift tax System

Ways to Pass Assets without “tax”

✓ Lifetime Gifting

✓ Unified Credit



Lifetime Gifting

- Gift up to \$15,000 per person in 2018 without incurring gift tax
- No limit on medical or qualified education expenses paid directly to institutions
- No limit on charitable gifts

Advantage

- Remove assets from your estate before death, thereby reducing taxes and expenses

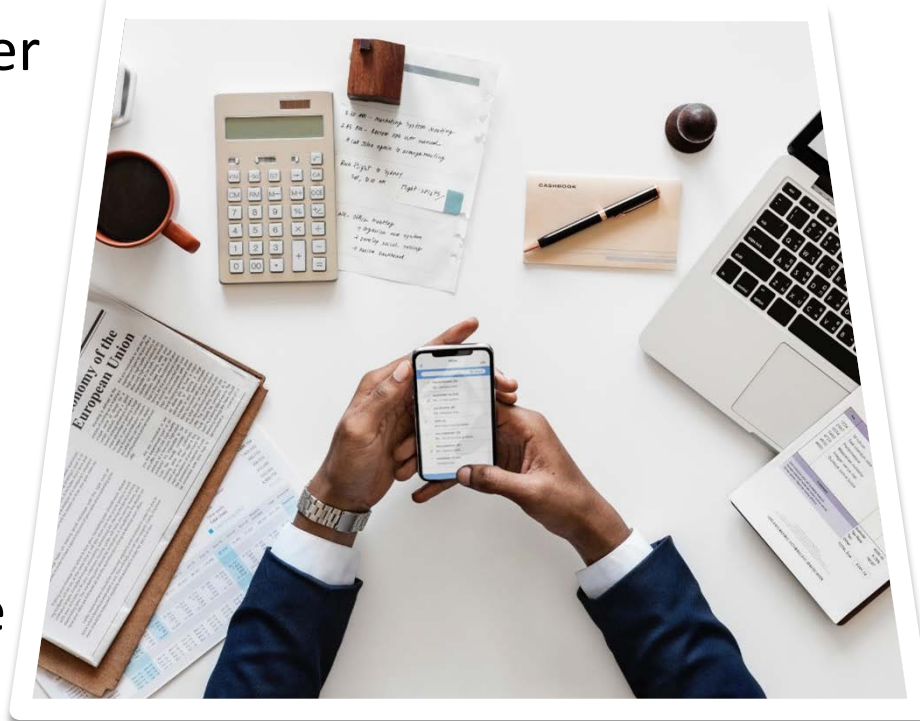
Disadvantage

- You no longer have use of the money



Applicable Exclusion Amount for 2018

- ✓ In 2018, each person has up to \$5,600,000 they may transfer free of estate taxes to non-spouse beneficiaries
- ✓ Portability for married couples
- ✓ Assets in excess of \$5,600,000 are taxed at the top tax rate of 40%



What's Included in Your Estate?

Everything you own

- Property owned in your name
- Your share of jointly owned property
- Life insurance policies
- Property in which you have a beneficial interest



What If I'm Not Worth \$5,600,000 Yet?

Consider that you can still:

- Grow your estate over the years
- Control how your assets are transferred
- Take advantage of numerous estate planning strategies to accomplish your goals
- Minimize expenses for your heirs



Probate

A legal process used primarily to transfer assets from the deceased's estate to heirs

Probate involves:

- Appointing an executor
- Collection of property
- Payment of debts, taxes, and expenses
- Distribution of property to those who are entitled to receive it



What Property Is Probated?

Probated	Not Probated
<ul style="list-style-type: none">• Individually held real estate• Individually held bank accounts/CDs, stocks and bonds• Business interests• Tangible personal	<ul style="list-style-type: none">• Jointly held property• Beneficiary-designated accounts like life insurance, IRAs, 401(k)s• Accounts designated POD or TOD• Living trust

Advantages & Disadvantages of Probate

Advantage

Provides for an orderly transfer of assets via your will

Disadvantages

- Time consuming
- Expensive
- Public



Will

- Legal document that controls all property not otherwise disposed of
- Takes effect only upon death
- Only affects assets owned individually

Advantage

Provides for an orderly transfer of assets based upon your wishes

Disadvantages

Requires probate



Why a Will?

Maintain control over:

- How your property will be distributed
- Who your executor will be
- Who the guardian of your minor children will be
- How/when your property will be distributed to your heirs
- The preservation of property and reduction of estate taxes



No Will (Intestate)

Assets are distributed according to state's laws of intestacy

- Process for distribution of assets similar to that when you have a will, except you have no input
- Assets are distributed to your family members
- Can be worst method of transfer



What is Trust ?

A legal entity that holds assets for the benefit of beneficiaries

Advantages:

- Legal arrangement
- Fiduciary responsibility of the trustee ensures that the beneficiaries' interests are protected

Disadvantages:

- Give up ownership of assets
- Some trusts cannot be changed



Testamentary Trust

- Created by the will
- Only takes effect upon death
- One type keeps assets in trust for minor children

Advantage:

- Allows for the passing of assets at death with control over when and how they are ultimately distributed to the beneficiary

Disadvantage:

- May be subject to probate fees



Revocable Living Trust

- A Trust put in place during your lifetime
- You may name yourself as trustee
- You maintain complete control of the assets (if you act as trustee)

Advantage:

- Avoids probate
- Provides privacy

Disadvantage:

- Assets are still subject to estate tax



Summary of Transfer Options

Through Probate	Outside Probate
<ul style="list-style-type: none">• Individually held real estate• Individually held bank accounts/CDs, stocks and bonds• Business interests• Tangible personal property• Testamentary trust	<ul style="list-style-type: none">• Jointly held property• Beneficiary-designated accounts like life insurance, IRAs, 401(k)s• Accounts designated POD or TOD• Living trust

Other Important Considerations

- ✓ Power of attorney
- ✓ Medical documents



Financial Power Of Attorney

A document that a person uses to authorize another to act on his or her behalf in financial matters

Types:

- Durable power of attorney
- Springing durable power of attorney



Medical Documents

- ✓ Healthcare power of attorney
- ✓ Healthcare directive, or “living will”



Element of a Good Estate Plan

- Positioned to achieve your goals
- Minimizes estate taxes and other expenses
- Maximizes heirs' inheritance
- Plans for contingencies
- Allows you to maintain control



Why Plan?

Celebrity Estate Planning done well

Henry Fonda

Actor

1% lost to
taxes and fees



IRA Gershwin

Composer

2% lost to
taxes and fees



Yul Brynner

Actor

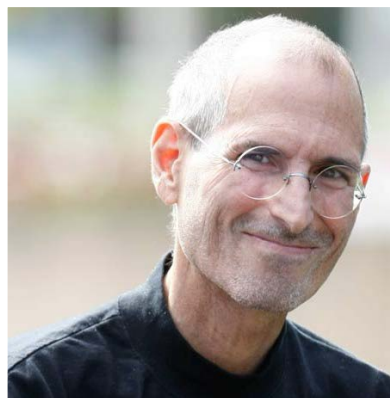
3% lost to
taxes and fees



Steve Jobs

Executive

>1% lost to
taxes and fees



Who Can Help ?

	Attorney	CFP®	Trust Officer
Estate Planning	X	X	X
Asset Re-titling	X	X	X
Investment Management		X	X
Trust Administration			X
Drafting Legal Documents	X		



Resources

- Nolo Press: Estate planning and will software and guides.
www.nolo.com
- IRS: Refer to Form 706, *Estate Tax*; Publication 950 on estate tax; Publication 559 for executors. www.irs.gov
- Legal Information Institute: Probate information by state.
www.law.cornell.edu/uniform/probate.html
- AARP: Unbiased info on wills, trusts and probate.
www.aarp.org



Thanks for attending

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