



Estate Planning

101

Wills vs. Living Trusts

Estate Planning 101: Wills vs. Living Trusts

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Contents

| | |
|--|---|
| Estate Planning: When And Where To Start | 1 |
| The Essentials Of Estate Planning | 1 |
| Common Mistakes Of Estate Planning | 2 |
| Estate Planning: Reviewing Your Plan | 3 |
| Benefits of Revocable Trusts | 3 |
| Wills vs. Trusts: Which is Best for you? | 4 |

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Estate Planning: When And Where To Start

Many people don't know when and where to start when it comes to planning their estate. It seems there are so many things that you need to know about estate planning such as trusts to reduce taxes, issues about guardianship, and how to distribute your assets. And then you need to think about finding the time and money to hire a lawyer to help you draft a will. So where do you start? Perhaps the best place to start is simply by thinking about what you want to happen when you're gone. Nobody likes to think about their own death. But death is an eventuality and needs to be planned for by everyone. The sooner you think about planning your estate the sooner you can act. Once you have your estate in order you'll be able to enjoy your later years knowing that your family is taken care of in the way you want.

Don't fall into the trap of thinking that estate planning is just for the rich.

Organize and arrange all of your financial information. Take into account all of your assets as well as your debt. You need to have accurate information about how much your estate is worth. Remember to include your intangible assets such as any investments you've made, your insurance policies, any art collections you have, and your personal property such jewelry and furniture. When you have a full picture of what your estate is all about you can decide what's at risk. A lawyer experienced in estates can help you draft your will. Some questions that you'll want answered are whether or not your estate will be subject to taxes and whether it will have to go through a probate court. As well, find out what the risks are to your estate in the event that you're incapacitated and unable to make decisions for yourself.

Talk to your family and discuss what effect your estate planning will have on them. Talk about their wishes and how they want to see your assets distributed. At the same time, make certain that you talk about your own wishes since what you want is just as important. The more you talk before your death the less likely there are to be problems after your death. If you think that there may be difficulties after your death regarding the decisions you've outlined in your will you can consider a Legacy Trust which will have a more advanced strategy for dealing with your assets. A Legacy Trust will be much harder for anyone to contest. Keep an eye on the future. Your estate will grow and change over time so it's important that you review it on a regular basis.

The Essentials Of Estate Planning

You've worked hard to build up your estate; now it's time to make sure that everything ends up where you want it to after you die. There are many areas of estate planning that will require the help of a professional, such as estate taxes, trusts, and probate. Following are some essential details that you need to think about when you're planning your estate.

The most important thing about estate planning is that you have a will. Your will should indicate exactly where your property and assets should go when you die. You should also have what is called a "living will". A living will specify certain health care and medical instructions that should be followed in the event that you are on life support or otherwise unable to make these requests yourself. You'll need to name a power of attorney that will be in charge of managing the details of your living will.

Take the time to review your beneficiaries at least once every year. Your personal family situation will change during the course of your lifetime so you'll need to make changes to your beneficiaries. Don't forget to make these changes in your life insurance policies as well as any other documents where you have listed a beneficiary.

If you have any minor children you'll need to determine who will have guardianship over them if you die. Your will should clearly state what you want for the future of your children.

You might want to think about setting up a trust so that you maintain even tighter control of your hard earned assets. A trust can also be set up to carry out certain requests when you die. Another benefit of setting up a trust is that a trust bypasses the probate process, which can be quite lengthy and drawn out. The time of your death will be emotional and difficult for your loved ones. You can make it easier by ensuring all the information they need is well organized. Make sure that you have all your documents in one place. This includes financial statements, insurance policies, your will, and the key to your safety deposit box.

Trusts bypass the probate process, which can be quite lengthy, drawn out, and expensive.

The more care you have taken when it comes to estate planning, the easier it will be for the ones you leave behind to manage at the time of your death.

Common Mistakes Of Estate Planning

Even though planning your estate isn't an enjoyable job it's necessary so that you can efficiently and successfully transfer all of your assets to those you leave behind. With a bit of careful planning, your heirs can avoid having to pay estate taxes and federal taxes on your assets. In addition, a well planned estate avoids confusion for your loved ones. Still, with all the advantages of estate planning, many people make a great many mistakes in the process. The most common mistake when it comes to estate planning is not getting around to doing it at all. Make sure that you take the time to plan at least the financial portion of your estate so that you leave your loved ones behind with some amount of security.

Don't fall into the trap of thinking that estate planning is just for the rich. This is completely false as planning your estate is essential for anyone who has any amount of assets to leave behind. Many people don't realize that their estate is as large as it really is, especially when they fail to take into account the assets from their home. Remember to update your will and to review it at least once every two years. Factors that can change information about your beneficiaries include deaths, divorce, birth, and adoption. As your family structure changes so does the change in your assets and who you want to leave them to.

Don't assume that taxes paid on your assets are set in stone. Talk to your financial planner about ways that your beneficiaries can avoid paying taxes on your assets. There are several strategies for tax planning so that you can minimize taxes or avoid them altogether. All of your financial papers should be in order so that it's easy for someone to find them. Make sure that one of your loved ones has information on where to find the papers necessary for planning after your death.

Don't leave everything to your partner. When you leave all of your assets to your spouse you are in reality sacrificing their portion of the benefit. You'll get an estate tax credit but will forfeit part of this if your spouse is your only beneficiary. Ensure that your children are well planned for. Many people take a lot of time deciding what to do with their assets and forget that they need to appoint guardianship for their children. There are many details to take into consideration when it comes to guardianship.

Take the time to plan for your death even though you think that you have years before it becomes an issue. The key to successful estate planning is being prepared.

Estate Planning: Reviewing Your Plan

An important part of your estate planning is taking the time to review it at certain times in your life. Many people overlook the review process and fail to update important information. There are many events that occur in your life that can affect the way you distribute assets and property to the loved ones you leave behind. Perhaps the most important part of estate planning is having a will in place that manages your assets.

If you have minor children make sure that you review your guardianship issues at least once a year. You don't have to make changes to your estate plan however, you should be aware of who you've chosen to have custody of your children and the reasons why. Over time circumstances may change and the person you first felt was right as guardian may no longer be a good choice. Don't forget to take into account the ages and living circumstances of your chosen executor. If you have to make changes to guardianship don't be afraid to hurt the feelings of your family. Making choices about custody should be all about your children and what's best for them.

Choose an executor for your will that you know you can trust. The role the executor plays can be difficult both emotionally and time-wise. Review your power of attorney at least every couple of years. The power of attorney, or the executor of your will, needs to be someone who is capable of dealing with a lot of legal issues and who has the confidence to step up and make sure that your final wishes are carried out. If you have a living will, or medical decisions that you've made, you need to be sure that your executor will carry out your wishes and is strong enough to speak on your behalf.

Consider having trusts in place as part of your estate. A trust is one way that you can help your family out with finances after your death or in the event that you're unable to make decisions. There are many different types of trusts available so be sure to review your current trusts on a regular basis. As your assets increase you'll have to make changes to the way the money is distributed.

Part of reviewing your estate plan is finding out which type of taxes will have an effect on the inheriting of your assets and property. As you review your estate, find out about the latest tax laws. If your will was valid when it was first drafted it will remain valid however, there could be significant changes in the laws where you live that can impact the legality and outcome of your will.

Benefits of Revocable Trusts

We all know we need to do something on behalf of our families in regard to planning for the settlement of our estates when the day comes that we are no longer around. However, the options seem complex and difficult to many. Let's look at one option, the revocable living trust, to see if it is an option that would benefit you. Although it is often the view that a revocable living trust is good only for the rich or powerful, that is certainly not the case.

Take for example a couple who has a modest home with a value of \$150,000. In a number of states without a trust, the state will allow a court appointed attorney to carry out the probate process for a minimum of 2% to a maximum of 10% of the estate value. In addition some states allow an additional fee of \$1500 for each - the attorney, and the estate planner. In this example, the fees would be a minimum of \$6000, and up to \$18,000 to do the process. Both options far exceed the fees of establishing a trust to accomplish the same results.

A trust is one way that you can help your family out with finances after your death or in the event that you're unable to make decisions.

A good revocable living trust can assist many, as it can provide the following benefits to people of all income brackets:

1. Keeps your estate totally private – no public advertising of your assets.
2. Provides dual Federal Estate Tax exemptions for couples (currently suspended).
3. No probate – no attorneys, delays, expenses, or court control.
4. No guardians or conservators.
5. No unnecessary taxes.
6. Not difficult to set in place.
7. Valid in every state.

In the comparison of wills vs. trusts, the living trust comes out as the strong and practical choice.

Wills vs. Trusts: Which is Best for you?

When looking at wills vs. trusts, trusts seem to have the upper hand. Trusts are acted upon while you are still alive, thus giving you the opportunity to supervise the transfer of ownership of assets and property personally. Revocable living trusts can be changed at anytime if the grantor is not satisfied or is having second thoughts about the beneficiary or the trustee.

Since you will be dead when it comes time to execute a will, you cannot oversee the transfer of assets yourself. Although the will is very specific in what you want done, it usually takes a long time to process. The probate process takes a lot of time and also requires a lawyer which incurs cost to your estate.

In the comparison of wills vs. trusts, the living trust comes out as the strong and practical choice.

The next step is to locate and work with a top-quality estate planning attorney. I invite you to give my office a call so we can discuss how we can help you outline your desires, explain what you've learned about estate planning so far, and investigate each of the areas outlined in the report in detail.

I wish you success on your journey to protect your wealth and your family for years to come.