



Investor Seminar Series

The Essentials of Estate Planning



Securities offered through LPL Financial. Member FINRA/SIPC



Agenda

- Estate planning basics
- Wills and probate
- Trusts
- Alternate decision makers
- Getting started
- Putting it all together



Estate Planning Basics



- Who should have an estate plan?
- Not just for your heirs
- Who will handle your affairs?
- Special situations
- Do it myself or find an advisor?

Reasons for Having an Estate Plan

- Avoid having the courts make decisions about your estate
- Minimize legal complications and estate settlement costs
- Tax considerations



Federal Taxes

- Estate tax exemptions
- Income taxes
- Tax rates



State Taxes

- Estate tax
- Inheritance tax



Gift Taxes



- For 2019, you can gift \$15,000 per person (annually) without triggering a federal gift tax return
- For 2019, \$11.4 million lifetime gift tax exemption
- Estate and gift tax exemptions have been unified (grouped together)
- Exceptions to rules

Planning Tools



- Wills
- Trusts
- Gifts
- Life insurance
- Joint ownership of property

Naming Beneficiaries

- IRAs
- 401(k)s
- Pensions
- Life insurance

These assets will pass outside of probate (will) and can be left directly to beneficiaries



“Jane”

- Outdated 401(k) plan beneficiary designation
- Wishes might not be carried out according to her intentions



Naming Beneficiaries



Common mistakes:

- No beneficiary named
- Estate as beneficiary for retirement accounts
- Outdated beneficiaries
- Failure to name contingent beneficiaries
- Too young or too old
- Special needs individuals as direct beneficiaries
- Failing to take advantage of charities “tax-free” status
- Per capita or per stirpes

Naming Beneficiaries

- Different rules for different situations
- Reevaluate beneficiaries when updating estate plans
- Many assets may pass through beneficiary designations and bypass wills and trusts.



Probate Issues

- Cost and time issues
- Executor or administrator responsible for settling estate



Avoiding Probate

- Trusts
- Gifts
- Retirement plan beneficiaries
- Joint ownership
- Transfer on death
- Payable-on-death accounts



Executors

- Settle estate's affairs
- Duties
- Review with person you select



Trusts



- Manage assets
- Protect assets
- Avoid probate
- Privacy
- Tax planning

Trust Categories

Revocable trusts

- Can be changed
- Income and estate taxes paid by grantor (owner of estate)

Irrevocable trusts

- Cannot be changed
- Income and estate taxes paid by trust



Living Trusts



- You retain full control of assets as trustee
- Your assets move to heirs without going through probate

Types of Trusts

- Life insurance trusts
- Trusts for minors
- Qualified personal residence trust (QPRT)
- Qualified terminable interest property (QTIP)
- Charitable trusts
- Special needs trust



Alternate Decision Makers

What would happen if you couldn't handle your affairs?



Power of Attorney

- Gives another person legal authority on your behalf
- Can take effect upon implementation or when a specified event occurs
- Healthcare and financial POA's
- Terminates at your death



Health Care Directives

Indicate your wishes for medical treatment

- Living will
- Directive to physician
- Do not resuscitate order



Conservatorships

- Legal arrangements where one adult manages another adult's affairs
- Conservator is usually a spouse, adult child, adult sibling, or other blood relative
- Only permitted in cases of incapacitation
- Conservators are subject to court supervision



How to Get Started



- Set priorities and document your wishes
- Gather information and review options & resources
- Collect important documents
- Make decisions about WHO, WHAT, WHEN and HOW
- Seek wise council - partner with financial professionals such as attorneys and financial planners

Putting it All Together



Putting Your House in Order:

Stage One:

- Update beneficiary designations and confirm titling of assets
- Will or Trust to control the disposition of my assets
- Financial POA to appoint someone to make financial decisions
- Healthcare POA to appoint someone to make healthcare decisions
- Living Will/Directive to Physician for End-of-Life decisions
- HIPAA Release to release medical information to loved ones

Stage Two:

- Hit-by-a-Bus Document with important information on what you own, where it is and who to call.
- Important documents your heirs or designee's will need
- Password for important websites
- Personal writing to clarify your wishes
- Current prescription drug list
- Emergency health information
- Ethical Will to pass along more than your "stuff"



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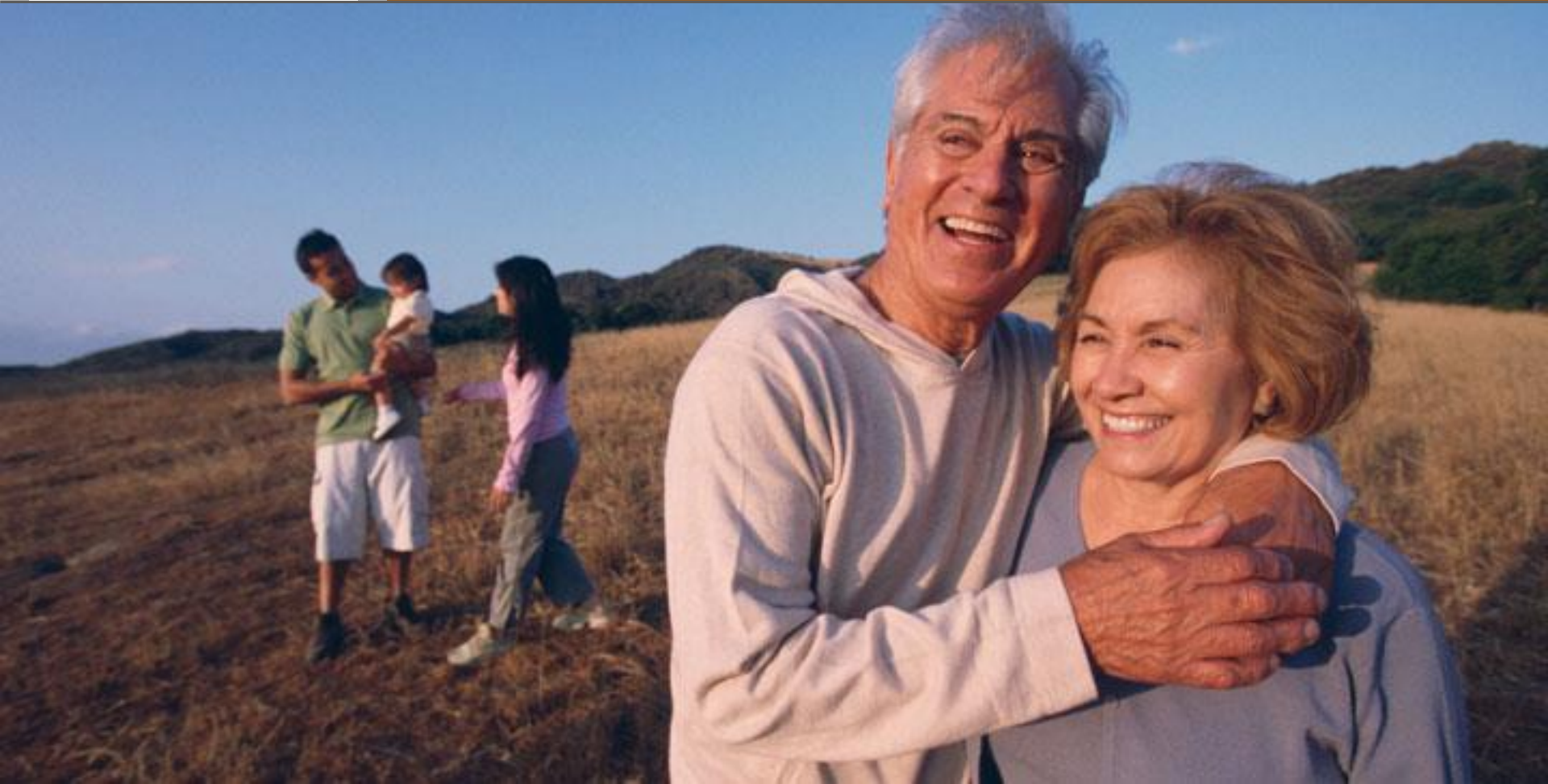
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