

# Planning Your Estate

Estate planning is the process of accumulating, preserving and distributing assets to achieve your financial goals during your lifetime, and to provide for your heirs according to your wishes at death. As such, estate planning is not a one-time event. Instead, it is an ongoing process designed to accomplish accumulation, preservation and distribution objectives, both during your lifetime and after your death. The purpose of this guide is to assist you in understanding the estate planning process and to serve as a framework resulting in the development of a new estate plan or the updating of an existing plan.



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### Provided by:



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## The Estate Planning Team

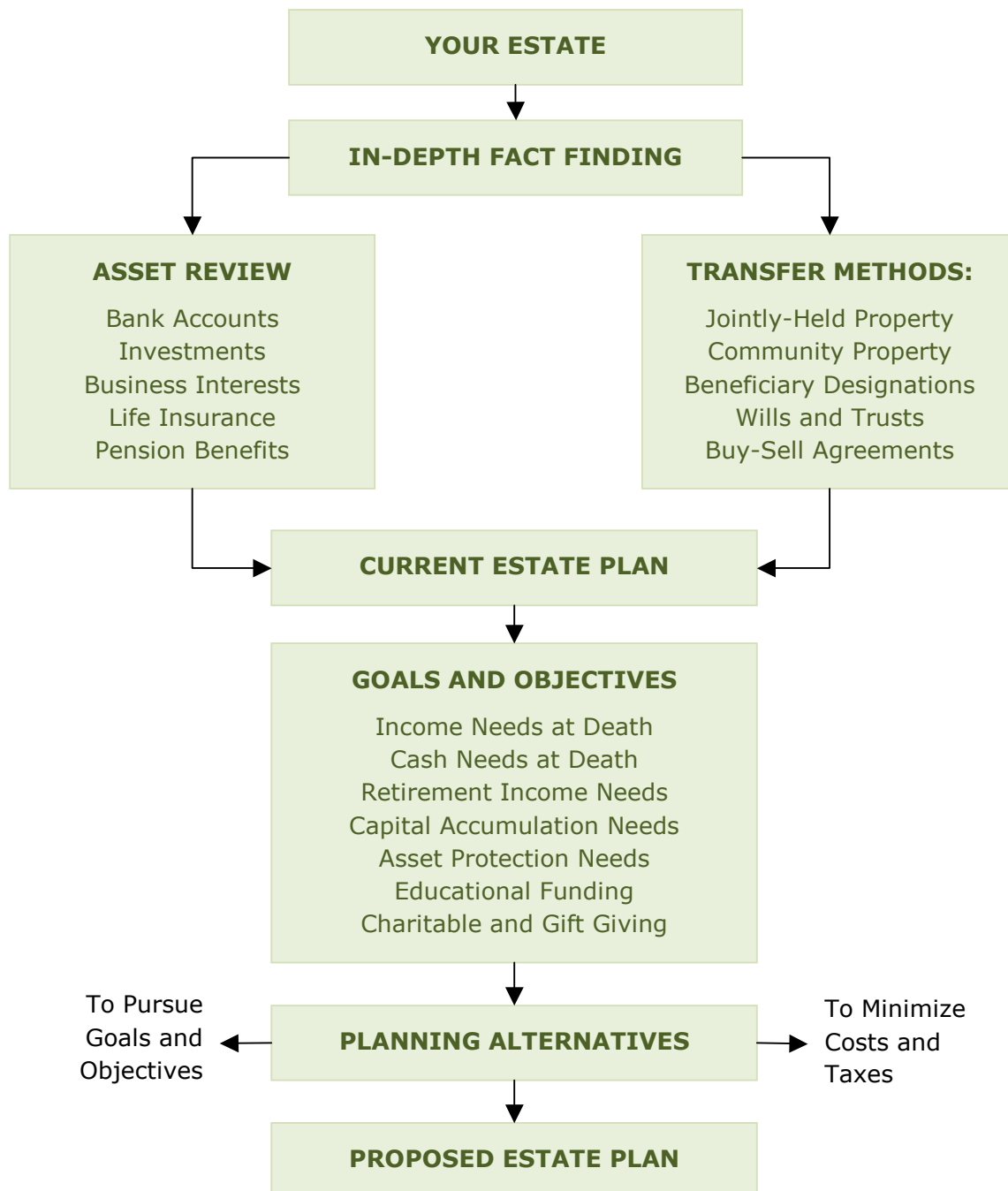
Depending on your unique situation and your estate planning goals, your estate planning team is composed of some or all of these professionals:

- Attorney:** An attorney, particularly one who specializes in estate planning, will be needed to draft not only any necessary legal documents, but may also be able to identify estate planning techniques that can save your estate money on taxes and administration costs.
- Accountant:** Your accountant may be called upon to provide specialized knowledge of your personal and business finances, to determine a valuation of estate assets, and to prepare required income and estate tax returns after your death.
- Insurance Agent:** If life insurance is a solution identified to meet estate liquidity or other estate planning needs, an insurance agent can help you select the right policy and face amount, as well as recommend policy ownership arrangements that may result in estate tax savings.
- Securities Broker/Financial Planner:** The services of a securities broker or financial planner may be needed to assist you in pursuing your estate accumulation, preservation and/or distribution objectives.
- Trust Officer:** You may want to designate a bank or trust company officer as executor of your will or as trustee of any trust(s) established as a result of your estate planning efforts.
- Charitable Planner:** If you plan on making charitable bequests, either during your lifetime or at your death, an expert in charitable planning arrangements can help structure a charitable gift program that benefits all parties.

*A list of the professional advisors who make up your personal estate planning team is available for you to complete on page 9.*

# The Estate Analysis Process

Estate planning is a process through which you, with the help of professional advisors, analyze your current situation, identify your goals and objectives and, finally, develop a plan designed to help achieve your goals and objectives while minimizing costs and taxes in a manner consistent with your goals and objectives.



**A good first step in the estate planning process is to create an inventory of everything you own, including:**

- Real estate
- Savings and investments
- Business interests
- Life insurance and annuities
- Retirement accounts
- Personal property, including vehicles, household goods, jewelry and any collectibles

**You also need to create an inventory of what you owe, including:**

- Mortgages
- Credit card debt
- Installment loans
- Business debt

*If you want to get a head start on this process, Financial Inventory forms are available beginning on page 10.*

**Finally, you need a clear picture of your current estate planning, including:**

- Wills
- Guardians for minor children
- Any trusts in effect
- Any gifts made in the past

*The Current Estate Plan form available on page 13 can assist you in developing a clearer picture of the estate planning you currently have in effect.*

**With a clear picture of your current situation, it's now time to think about your goals and objectives for the future, which may include one or more of the following:**

- Providing for the cash and income needs** of your family in the event of your death.
- Establishing an education fund** to pay for your children's college education.
- Planning for a financially-secure retirement.**
- Providing funds in the event you are sick or hurt and cannot work.**
- Planning for the special needs** of a disabled child or other family member.
- Establishing a plan for the orderly disposition of a business interest** in the event of your disability or death.
- Implementing a program of lifetime giving** to family members.
- Making meaningful contributions** to a favorite charity.

**It's also important to identify the specific priorities you wish to achieve in regard to your estate. The following are some specific estate planning priorities:**

<i>Priority:</i>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>None</b>
<input type="checkbox"/> Reducing Estate Settlement Costs	_____	_____	_____	_____
<input type="checkbox"/> Providing Sufficient Estate Liquidity	_____	_____	_____	_____
<input type="checkbox"/> Preserving the Value of Your Estate	_____	_____	_____	_____
<input type="checkbox"/> Making Specific Bequests	_____	_____	_____	_____

- In your own words, describe your most important estate planning objectives?

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## Elements of an Estate Plan

Working with the professionals on your estate planning team, you may make use of some or all of the following tools and techniques in the design and implementation of your estate plan.

- Wills:** A will is the legal document that states the actions you wish to be taken after your death in regard to the disposition of your property, the guardianship of your minor children; and/or the administration of your estate. Without a will, you allow the state in which you reside to determine how your property will be distributed among your heirs, including who those heirs are, who will serve as the guardian of your minor children, and/or how your estate will be administered.
- Trusts:** A trust is a legal device for the management of property. Through a trust, one person (the "grantor") transfers the legal title to property to another person (the "trustee"), who then manages the property in a specified manner for the benefit of a third person (the "trust beneficiary"). In other words, the legal rights of property ownership and control rest with the trustee, who then has the responsibility of managing the property as directed by the grantor in the trust document for the ultimate benefit of the trust beneficiary. A trust can be a living trust, which takes effect during the lifetime of the grantor, or it can be a testamentary trust, which is created by the will and does not become operative until death. Trusts are extremely flexible tools that can be used to achieve a wide variety of estate planning objectives.
- Marital Deduction Planning:** Through use of the unlimited marital deduction, a married couple's combined assets are untouched by federal estate tax, meaning that the full amount is available for the surviving spouse's support and maintenance after the first spouse's death. At the surviving spouse's death, his/her estate tax unified credit exclusion amount plus, with proper planning, any unused estate tax unified credit exclusion amount from the estate of the first spouse to die may be available to decrease or eliminate any federal estate tax payable at the surviving spouse's death. The objective of marital deduction planning is to make best use of the marital deduction and the estate tax unified credit exclusion amount in order to minimize the total federal estate taxes paid by both spouses.
- Advance Directives:** Advance directives are a way to "have your say" about the type of care you receive (or don't receive) in the event you suffer a catastrophic medical event, such as a stroke or an accident, that leaves you unable to communicate your wishes. Every adult should plan ahead by having a Living Will, which states your preferences regarding the type of medical care you want to receive (or don't want to receive) if you are incapacitated and cannot communicate. You specify the treatment you want to receive or not receive in different scenarios. A second advance directive, a Medical Power of Attorney, names another person, such as your spouse, daughter or son, to make medical decisions for you if you are no longer able to make medical decisions for yourself, or you are unable to communicate your preferences.

- Life Insurance:** Life insurance proceeds can be used in a variety of ways in the estate planning process, including providing for the needs of surviving family members, creating the liquidity needed to pay estate settlement costs, equalizing inheritances among family members, retaining a business interest in the family and making substantial charitable donations. Careful consideration should be given to life insurance ownership and beneficiary arrangements.
- Business Succession Plans:** If you own a business, advance planning can help assure that your business interest stays in your family or is purchased by surviving owners through a buy-sell plan.
- Gift-Giving Program:** Depending on the size of your estate, as well as your objectives, it may make sense to implement an annual gifting program by making annual gifts equal to the annual gift tax exclusion to children and/or other family members.
- Charitable Donations:** You may want to explore various ways to include your favorite charities in your estate plan, either by making outright gifts during your lifetime, through the use of charitable trusts or by naming a charity in your will.

If one or both spouses have children from a previous marriage, the potential for acrimony over the division of estate assets takes on a new dimension.

The most common type of will among married couples provides for all assets to pass to the surviving spouse, generally with the understanding that at the surviving spouse's death, the remaining assets will pass to the couple's children. In blended families, however, problems can arise when the surviving spouse then leaves the remaining estate to his or her biological children, potentially disinheriting the children of the first spouse to die.

Working with a qualified estate planning team, there are steps that can be taken now to help protect the interests of both the surviving spouse and children from both prior and current marriages. In the case of a blended family, it's particularly important that all components of the estate plan be carefully reviewed in order to eliminate any conflicts between the components.

- Prenuptial Agreement:** A prenuptial agreement can be used to prearrange the division of assets and the custody of children in the event of a future divorce, as well as to protect an inheritance by stating the assets to pass to the respective spouse's children at death.
- Wills and Trusts:** Depending on your situation, a simple will may be sufficient. When substantial assets are involved, however, you may want to consider a more extensive plan involving a will and one or more trusts. For example, if your objective is to have your assets ultimately pass to your children from a previous marriage, but only after your surviving spouse has died, a trust can be used to give your surviving spouse the income produced by the assets in the trust during his or her lifetime, with the remainder of the trust assets going to your children at your surviving spouse's death.
- Beneficiary Designations:** All existing life insurance and retirement plan beneficiary designations should be reviewed for potential conflicts and changed as necessary to achieve the owner's estate planning objectives.
- Life Insurance:** Life insurance proceeds can be used to equalize inheritances, as well as provide financial support for a survivor. If, for example, you want to leave your assets to your children from a previous marriage, but also want to provide financial support for your surviving spouse, you could purchase a life insurance policy naming your spouse as the beneficiary. Another alternative would be to leave your assets to your spouse, but name your children as life insurance beneficiaries. In the case of minor children, consider having the life insurance proceeds paid to a trust established for the benefit of your children.



**Attorney:**

Firm Name:		Phone #:	
Street Address:			
City, State, Zip:			

**Accountant:**

Firm Name:		Phone #:	
Street Address:			
City, State, Zip:			

**Life Insurance Agent:**

Firm Name:		Phone #:	
Street Address:			
City, State, Zip:			

**P&C Insurance Agent:**

Firm Name:		Phone #:	
Street Address:			
City, State, Zip:			

**Stockbroker:**

Firm Name:		Phone #:	
Street Address:			
City, State, Zip:			

**Financial Planner:**

Firm Name:		Phone #:	
Street Address:			
City, State, Zip:			

**Trust Officer:**

Firm Name:		Phone #:	
Street Address:			
City, State, Zip:			

# Financial Inventory

## Assets (Valued at Today's Fair Market Value)

Type of Asset:	Owned by:				Available to Pay Estate Settlement Costs?	
	Spouse 1	Spouse 2	Joint Tenancy	Community Property	Y	N
<b>Cash and Savings:</b>						
Checking Account(s)	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Savings Account(s)	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
CDs	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Savings Bonds	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Other: _____	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
<b>Investments:</b>						
Stocks	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Bonds	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Mutual Funds	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Limited Partnerships	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Other: _____	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
<b>Real Estate:</b>						
Residence	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Vacation Home	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Rental/Investment	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Farm/Ranch	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Other: _____	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
<b>Business Interests:</b>						
Business Value	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Machinery/Equipment	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Accounts Receivable	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Other: _____	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
<b>Personal Property:</b>						
Household Goods	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Cars/Boats	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Jewelry/Furs	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Collectibles	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Other: _____	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
<b>Total Assets:</b>	\$ _____	\$ _____	\$ _____	\$ _____		

## Financial Inventory (continued)

### Liabilities

#### Owed by:

Type of Liability:	Owed by:				To Be Paid at Death?	
	Spouse 1	Spouse 2	Joint Tenancy	Community Property		
Mortgages	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Installment Loans	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Charge Accounts	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Credit Cards	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Personal Notes	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Business Debt	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Accounts Payable	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
Other: _____	\$ _____	\$ _____	\$ _____	\$ _____	Y	N
<b>Total Liabilities:</b>	\$ _____	\$ _____	\$ _____	\$ _____		

### Life Insurance/Annuity Inventory: On Spouse 1's Life

	Policy 1	Policy 2	Policy 3	Policy 4	Policy 5
Company	_____	_____	_____	_____	_____
Policy Number	_____	_____	_____	_____	_____
Type	_____	_____	_____	_____	_____
Death Benefit	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Premium	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Owner	_____	_____	_____	_____	_____
Beneficiary	_____	_____	_____	_____	_____
Cash Value	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Outstanding Loan	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

### Life Insurance/Annuity Inventory: On Spouse 2's Life

	Policy 1	Policy 2	Policy 3	Policy 4	Policy 5
Company	_____	_____	_____	_____	_____
Policy Number	_____	_____	_____	_____	_____
Type	_____	_____	_____	_____	_____
Death Benefit	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Premium	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Owner	_____	_____	_____	_____	_____
Beneficiary	_____	_____	_____	_____	_____
Cash Value	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Outstanding Loan	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

# Financial Inventory (continued)

## Retirement Benefits: Spouse 1

Entitled to Benefits from:	Projected Retirement Benefit	Death Benefit	% Vested	Present Value	Annual Contribution (if any)
<input type="checkbox"/> Defined Benefit Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Defined Contribution Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Profit-Sharing Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> 401(k) Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> SEP Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> IRA	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Non-Qualified Deferred Compensation	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Veterans Benefits	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Other: _____	\$ _____	\$ _____	_____%	\$ _____	\$ _____

## Retirement Benefits: Spouse 2

Entitled to Benefits from:	Projected Retirement Benefit	Death Benefit	% Vested	Present Value	Annual Contribution (if any)
<input type="checkbox"/> Defined Benefit Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Defined Contribution Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Profit-Sharing Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> 401(k) Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> SEP Plan	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> IRA	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Non-Qualified Deferred Compensation	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Veterans Benefits	\$ _____	\$ _____	_____%	\$ _____	\$ _____
<input type="checkbox"/> Other: _____	\$ _____	\$ _____	_____%	\$ _____	\$ _____

## Other Benefit Plans: Spouse 1 and Spouse 2

Type of Benefit Plan:	Spouse 1		Spouse 2	
	Covered?..	Value at Death	Covered?..	Value at Death
Survivor Benefits	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Split Dollar Plan	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Reverse Split Dollar Plan	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Death Benefit Only Plan	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Stock Option Plan	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Veterans Benefits	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Other: _____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

# Current Estate Plan

## Wills:

Date written/last reviewed:

Does Spouse 1 have a will?  Yes \_\_\_\_\_ / \_\_\_\_\_  No

Does Spouse 2 have a will?  Yes \_\_\_\_\_ / \_\_\_\_\_  No

Type of Marital Deduction Clause: Spouse 1 Spouse 2

None

100% to Surviving Spouse

Specific Dollar Amount

Specific Percentage of Estate

Other: \_\_\_\_\_

Has a guardian/ caretaker been named for minor children?

Yes Who? \_\_\_\_\_  No

Has a caretaker been named for any pets?

Yes Who? \_\_\_\_\_  No

## Trusts:

Does Spouse 1 have a trust?

Yes  No

Type: \_\_\_\_\_

Purpose: \_\_\_\_\_

Beneficiaries: \_\_\_\_\_

Assets/Value: \_\_\_\_\_ \$ \_\_\_\_\_

Does Spouse 2 have a trust?

Yes  No

Type: \_\_\_\_\_

Purpose: \_\_\_\_\_

Beneficiaries: \_\_\_\_\_

Assets/Value: \_\_\_\_\_ \$ \_\_\_\_\_

## Gifts:

		Spouse 1	Spouse 2
Pre-1977 Taxable Gifts:	Total Amount Given:	\$ _____	\$ _____
	Gift Taxes Paid:	\$ _____	\$ _____
Post-1976 Taxable Gifts:	Total Amount Given:	\$ _____	\$ _____
	Gift Taxes Paid:	\$ _____	\$ _____
Planned Future Gifts to: _____		\$ _____	\$ _____
Planned Charitable Bequests to: _____		\$ _____	\$ _____

## Notes:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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