



## TAKE CONTROL OF YOUR LEGACY



**ESTATE PLAN**  
**DOCUMENTS**



## ESTATE PLAN DOCUMENTS

### Estate Plan Documents

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# EVERYONE HAS AN ESTATE PLAN



**YOUR  
PLAN**

OR



**GOVERNMENT'S  
PLAN**

Most do not realize it, but everyone already has an estate plan. The real question is how much control do you have? If you do not have a plan, then the government will impose one on your family. It will be slower, more expensive and lack any privacy. Most people are unaware how simple and easy it is to put a plan in place and take control over your legacy.

**SmartMoney**  
THE WALL STREET JOURNAL MAGAZINE

**“IF YOU HAVE SOME ASSETS (MAYBE JUST A CAR AND SOME NICE FURNITURE) OR MINOR CHILDREN, YOU STILL NEED AN ESTATE PLAN—EVEN IF TAXES ARE NOT AN ISSUE.”**

**-SMART MONEY MAGAZINE (JAN. 2012)**

## WHAT KINDS OF PLANS ARE THERE?



**1- NO PLAN, NO CONTROL  
(GOVERNMENT CONTROL)**

**2- A LAST WILL & TESTAMENT  
(LIMITED CONTROL)**

**3- A REVOCABLE LIVING TRUST  
(YOU MAINTAIN FULL CONTROL)**

- Most believe estate planning in general, and a Revocable Living Trust specifically, are just for the wealthy. Actually everyone should have a plan and in fact, estate planning can actually be more important for smaller estates.
- Estate planning allows you to make sure that loved ones will be provided for and not overly burdened by personal and financial matters
- An estate plan makes clear your wishes, and can help to avoid family disputes

# ESTATE PLANNING IS IMPORTANT IF:



- You own a business
- You own property in more than one state
- You have minor children or children with special needs
- You have children from a previous relationship
- Your spouse isn't comfortable handling financial matters
- You want to make significant charitable gifts
- Estate tax is a concern

## SO WHAT IF I HAVE NO PLAN?

Unless you've implemented other estate planning strategies, your property will go to the person or people that your state's intestacy laws say it should go to.

State intestacy laws specify how your property will be divided. Your actual wishes are completely irrelevant.

### Consequences of dying without an estate plan

- ⑩ Your loved ones may be overly burdened settling your estate without the help of advance planning
- ⑩ Your loved ones may not be adequately provided for without a plan
- ⑩ Your estate might not pass to your heirs according to your wishes
- ⑩ Without proper planning, more of your estate may go to pay taxes and estate expenses

### TYPICAL GOV'T INTESTACY LAWS



## LAST WILL & TESTAMENT



A last will and testament is a written directive that includes instructions about who is to settle your estate (the executor), who is to be the guardian for any minor children, and how property is to be distributed to your heirs.

### What makes a will valid?

Requirements vary by state, but a will is generally valid if:

- ⑩ You are of legal age and sound mind.
- ⑩ It is written, properly signed, witnessed, and executed.
- ⑩ Witnesses should be disinterested parties, because most state laws automatically disinherit them.
- ⑩ Follow formalities, or your will may be deemed invalid and some or all of your estate will pass by intestacy.
- ⑩ Review your will periodically and upon certain events, such as getting married or divorced

# WHAT IS PROBATE?

When you die, even if you have a Last Will & Testament, your estate have to go through a potentially lengthy legal process known as probate (except for very small estates). Probate generally starts with the executor you name in your Will filing the Will with the probate court. If you do not have a Will the court will name an administrator and follow state intestacy law.

The executor or administrator then goes about collecting any monies owed you, paying any outstanding bills, and filing tax returns. Your executor will also oversee the distribution of your property according to the terms of your will. Probate rules vary by state.



- **A Probate Court ultimately decides who receives your assets, a valid Last Will & Testament will be a guide, but may be challenged.**
- **Your private matters are public record**
- **Family members must wait months before receiving assets**
- **Average Probate can take 12 months**
- **Multiple probates if assets in 2+ states**
- **Costs thousands of dollars in costs and fees (up to 10% of estate value is not uncommon.)**

# WHAT IS A REVOCABLE LIVING TRUST?

A Revocable Living Trust is a separate legal entity that you create to place your assets while you are alive. You maintain complete control over your assets. You can move assets in and out of the Trust at any time.

A trust also allows you to not only decide who gets your assets but also when, and how. Because your assets are in a separate legal entity, NO PROBATE is required.

A Trust is like a 'basket' where you put all your assets and carry with you while you are alive. After you pass your successor Trustee can easily, and privately pick up the basket and follow your instructions for management and distribution.



## **Benefits of a Trust**

- **Save time & money**
- **Avoid Probate hassles, expense, & paperwork**
- **Maintain Your Privacy**
- **Maximize Tax Exemptions**
- **You Decide Who receives your assets**
- **You Decide When they receive them**
- **You Decide How they receive them**

# ESTATE TAX & GIFT TAX

Transfer taxes are imposed on transfers of wealth you make to others during your life (gift tax ) and at your death (estate tax).

The federal government imposes three types of transfer taxes:

- ⑩ Gift tax - imposed on cumulative transfers made to a person during your lifetime
- ⑩ Estate tax - imposed on transfers made from your estate after your passing.
- ⑩ Generation-skipping transfer (GST) tax - an additional tax on transfers made to persons who are more than one generation below you (e.g., grandchildren). Generation skipping transfers are taxed as if both transfers (to the middle generation person and from the middle generation person to the grandchild) were made.



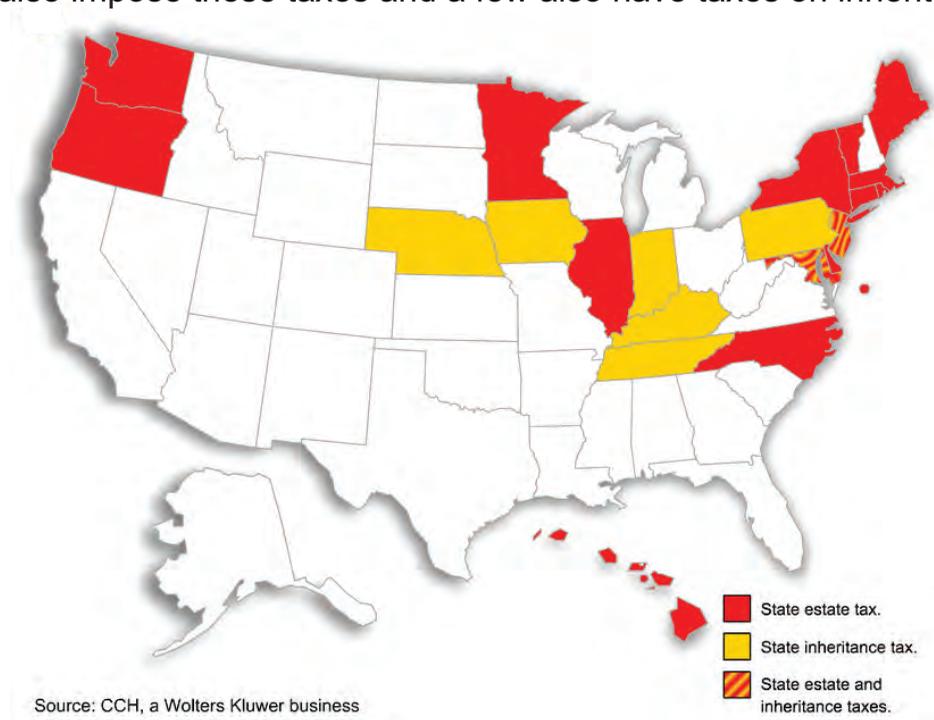
The current Federal Estate & Gift Tax rate is 40%.

The Unified Credit was created to provide an exemption from this tax for smaller estates.

The Unified Credit is the total amount that a person can give tax free over the course of their lifetime AND after death. In January 2013 Congress pass legislation to index the Unified Credit to inflation. The 2013 Unified Credit (exemption) is \$5.25 million per person.

# STATE INHERITANCE & ESTATE TAXES

Several States also impose these taxes and a few also have taxes on inheritance.



# LIFE INSURANCE



Life insurance is a vital part of most estate plans. Among other things, life insurance can:

- ⑩ Provide for your family's financial needs when you're gone
- ⑩ Provide liquid funds needed to settle your estate so your family won't have to sell property at a discount
- ⑩ Ensure a smooth transition of a family business

The amount of coverage and the type of policy you need will depend on your estate planning goals and current finances. Your needs can best be assessed with the help of a financial professional, but the following questions should give you a few points to consider:

- \_\_\_\_\_ How many people depend on your income?
- \_\_\_\_\_ How much money would your family need if you died suddenly?
- \_\_\_\_\_ How much money would your estate provide?
- \_\_\_\_\_ How much money would be available from relatives and other sources?
- \_\_\_\_\_ How much of your estate would be tied up in probate?
- \_\_\_\_\_ Will there be enough liquid assets to take care of your family's immediate needs?
- \_\_\_\_\_ Will your estate owe substantial debts, taxes, and other expenses?
- \_\_\_\_\_ If you own a business, how much money would it need if you died suddenly?
- \_\_\_\_\_ Do you want your family to continue the business?
- \_\_\_\_\_ How much will your death affect the value of the business?

# ESTATE PLAN DOCUMENTS

A comprehensive Estate Plan Should Include The Following Documents:

- ⑩ Revocable Living Trust
- ⑩ Last Will & Testament (Pour-Over Will)
- ⑩ Durable Financial Power of Attorney
- ⑩ Durable Healthcare Power of Attorney
- ⑩ Living Will
- ⑩ Advanced Medical Directives
- ⑩ Organ Donation Directives



**“FAILING TO  
PREPARE IS  
PREPARING  
TO FAIL.”**

*Benjamin Franklin*



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