

Estate Planning: 10 Essential Facts

1. Your estate is based on everything you own.

The value of your estate is based on everything you own. This includes, all real estate, bank accounts, stocks, bonds, retirement plans and annuities, life insurance, a business, cars, jewelry, furniture, pieces of art etc.

2. Everyone needs an estate plan.

An estate plan tells the world how you want your assets distributed upon your death. Otherwise, the government will distribute your assets according to its rules.

3. Caring for your children.

An estate plan will appoint a legal guardian to care for your children if you are unable to do so.

4. Trusts are not only for the rich.

Trusts allow you to distribute assets to your heirs without the cost, delay and publicity of probate court. Trusts allow you to put conditions on how and when your assets will be distributed.

5. Federal estate tax will be imposed at 55% on estates above \$1 million in 2011.

An estate tax of 55% will be imposed in 2011 on any amount over \$1 million. A trust can help you legitimately minimize estate tax.

6. Leaving all your money to your spouse tax-free is not always the best idea.

By leaving all your assets to your spouse, your estate tax exemption will be unused. This will increase your surviving spouse's taxable estate which could result in estate tax.

7. Creditor and asset protection.

Some trusts offer greater protection of your assets from creditors and lawsuits.

8. Two easy ways to give gifts tax-free and reduce your estate.

You may gift up to \$13,000 a year to an individual (or \$26,000 if you are married). You may also pay an *unlimited* amount of medical and education bills for someone if you pay the expenses directly to the institution.

9. An estate plan consists of several documents.

An estate plan includes a trust; will; power of attorney; and health care directive.

10. An estate plan is a continuing process.

Changes in your affairs makes it necessary to update your estate planning documents every few years.

Disclaimer: This material is not intended to be a substitute for specific legal advice. Where specific advice is necessary or appropriate, the author recommends consultation with an attorney. The information provided here is for general informational purposes only and should not be considered personalized legal advice. Examples provided are for illustrative purposes only and are not representative of intended results that a client should expect to achieve. To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding any tax penalty or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.