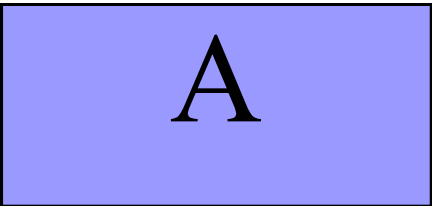


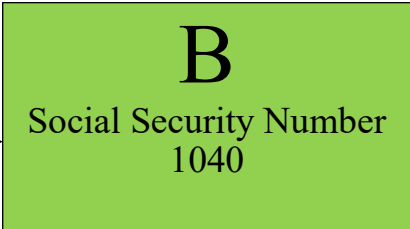
No Estate Planning

_____ Deceased

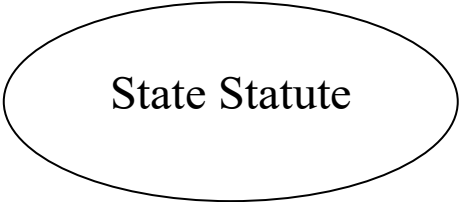
_____ Surviving



Death of Spouse A



Death of Spouse B



Does Provide

No work now or current expense

Does not Provide

- Two probates
- State statute determines who will receive your estate
- No control over who will administer your estate
- No guardianship provisions for minor children
- No ability to avoid guardianship over your person or assets
- No estate tax protection
- Separate property may not go to spouse
- No asset protection for surviving spouse
- No beneficiary protection for first spouse to die
- More expensive

Probate:

- A court proceeding
- Lasts 8-24 months
- Administrator appointed by court
- Extensive Court Involvement

Probate will not apply to:

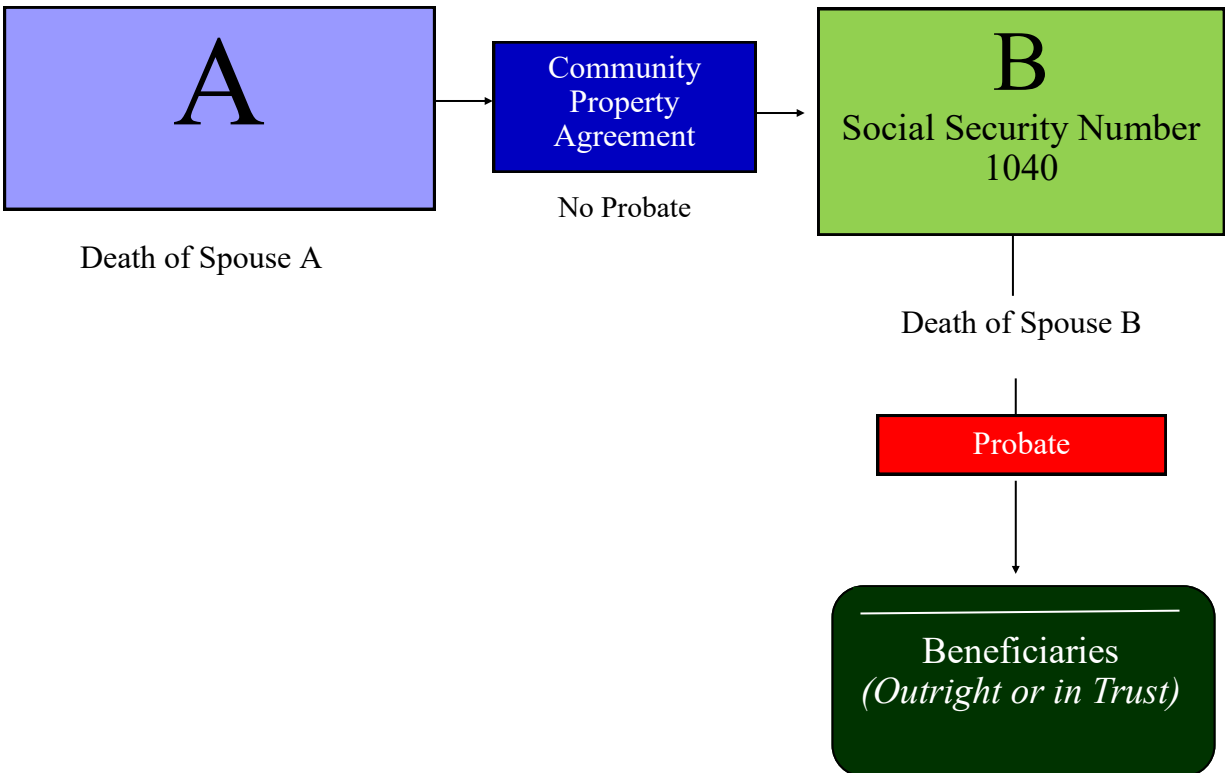
- Joint tenancy property
- Property with beneficiary designations
- Very Small estates

Will Planning

A

_____ Deceased

_____ Surviving



Does Provide

- Eliminates probate at first death
- Gives Survivor control over who will receive your estate
- Gives Survivor control over who will administer your estate
- Allows Survivor to appoint guardians for minor children

Does not Provide

- Probate at the death of the survivor
- Does not avoid guardianship over your person or assets
- No estate tax protection
- No asset protection for surviving spouse
- No beneficiary protection for the first spouse to die

Probate

- A court proceeding
- Lasts 8-24 months
- Administrator appointed by court
- Extensive Court Involvement

Probate will not apply to

- Joint tenancy property
- Property with beneficiary designations
- Very Small estates

B

Marital Trust Will Planning

Deceased

Surviving

A

B
Social Security Number
1040

Death of Spouse A

Probate

I →
P → N →

Death of Spouse B

Probate

- Protections**
- Cred.
 - Pred.
 - Estate Tax
 - Bene. Protect.

Trust for Spouse
All income to surviving spouse, principal if needed for health, education support and maintenance
 Tax ID # 1041
 Trusts file tax return and K-1 is required

Beneficiaries
(Outright or in Trust)

Beneficiaries
(Outright or in Trust)

- Does Provide**
- Gives both of you control over who will receive your estate
 - Gives both of you control over who will administer your estate
 - Allows Survivor to appoint guardians for minor children
 - Estate tax protection
 - Asset protection for surviving spouse
 - Beneficiary Protection for the first spouse to die
- Does not Provide**
- Two Probates
 - Does not avoid guardianship over your person or assets

- Probate**
- A court proceeding
 - Lasts 8-24 months
 - Administrator appointed by court
 - Extensive Court Involvement
- Probate will not apply to**
- Joint tenancy property
 - Property with beneficiary designations
 - Very Small estates

Living Trust Planning

Protections

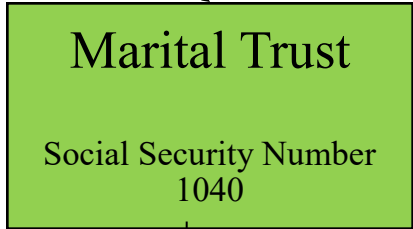
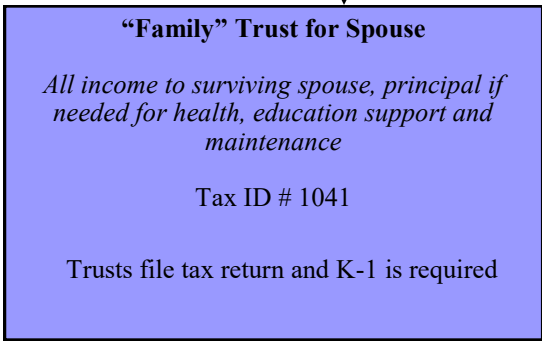
Probate
Guardianship

Deceased

Surviving



Death of Spouse A



I —————>
P —->N —->

Protections
-Cred.
-Pred.
-Estate. Tax
-Bene. Protect.

Death of Spouse B



Does Provide
Avoids probate for all assets in the trust
Gives both of you control over who will receive your estate
Gives both of you control over who will administer your estate
Allows survivor to appoint guardians for minor children
Estate tax protection
Asset protection for surviving spouse
Beneficiary protection for the first spouse to die
Avoids guardianship over your person or assets
Less expensive in the long run

Drawbacks
More expensive in the short run
Must ensure assets are held by the trust

WILL vs. LIVING TRUST

WILL		LIVING TRUST	
No -- Guardianship for your property may be necessary	Incapacity Protection	Yes -- Guardianship unnecessary for assets in your trust.	
Finished at signing	Work During Life	Must transfer assets to trust, ownership or beneficiary	
No “maintenance”		Must ensure new assets are covered by the trust	
Probate at death <i>Ancillary probates in other states w/ real property</i>	Work After Death	No probate at death <i>No ancillary probates if assets are in trust</i>	
Subject to each state’s probate rules		Can oversee assets in every state	
More administrative work for P.R.		Less administrative work for Trustee	
Easier to contest		More difficult to contest	
Public record at death	Privacy	Public to beneficiaries; private to others	
Notice requirements and duty to keep reasonably informed		Notice requirements and duty to keep reasonably informed	
Costs less in the short run	Cost	Costs more in the short run	
Costs more in the long run		Costs less in the long run	

We strongly recommend that clients have all estate documents reviewed at least once every 4-6 years. Laws change and your situation may require different solutions.

Estate

Personal Effects

Charitable
Distributions

Specific Distributions

Remainder Estate

No Beneficiaries Surviving

Two Ways to Leave Assets to Your Beneficiaries

1 Outright



Benefits

1. Simple
2. Cheap
3. Beneficiary can decide how to spend funds

Drawbacks

1. No creditor protection
2. No predator protection
3. No control over how funds are spent
4. Irresponsible beneficiaries can waste assets
5. Minors will require guardianship account
6. No future estate tax protection

2

Testamentary Irrevocable Trust



Trustee



Benefits

1. Creditor or divorce protection
2. Predator protection
3. Control over how funds are spent
4. Protection for irresponsible beneficiaries
5. Avoids guardianship for minors
6. Potential future estate tax protection

Drawbacks

1. More complex to administer
2. Annual trustees management fees
3. Annual reporting duties