

## **Top Ten Things You Should Know about Estate Planning**

### **1. A good place to start is taking inventory of your assets.**

Your assets include your investments, retirement savings, insurance policies, and real estate or business interests. Add them up and then ask yourself: Whom do you want to inherit your assets?

### **2. Everybody needs a will.**

A will tells the world exactly where you want your assets distributed when you die. It's also the best place to name guardians for your children. Dying without a will can be costly to your heirs and leaves you no say over how your assets are dispersed. Even if you have a trust, any holdings outside of that trust will still have to be dealt with after you're gone.

### **3. Powers of Attorney are as important as a will.**

If you are incapacitated without an appointed agent for your financial affairs or an advocate to carry out your stated medical wishes, the court may have to step in and appoint someone to act on your behalf. This is both time consuming and an added stress for your loved ones during what may be an already difficult time. Whom do you want handling your financial affairs if you're ever incapacitated? Whom do you want making medical decisions for you if you become unable to make them for yourself? Whom do you want to handle your financial affairs upon your death? Decide this ahead of time and get it in writing.

### **4. A basic estate plan is important for everyone.**

No matter how much or how little your net worth is, such a plan ensures that your family and financial goals are met even when you're no longer around.

### **5. There are several elements in an estate plan.**

These elements include a will, a financial power of attorney, and a medical power of attorney. For some people, a revocable trust may also make sense. When putting together a plan, you must be mindful of both federal and state laws governing these documents.

### **6. Discuss your estate plan with heirs.**

Inheritance can be a sensitive issue. By being clear about your intentions, you help dispel potential conflicts after you are gone.

### **7. Trusts are not just for the wealthy.**

Trusts are legal mechanisms that let you put conditions on how and when your assets will be distributed upon your death. They also allow you to reduce your estate and gift taxes and to distribute assets to your heirs without the cost, delay, and publicity of probate court, which administers wills.

### **8. The federal estate tax exemption laws are changing.**

The amount you may leave to heirs free of federal tax has been gradually rising. It will hit \$3.5 million in 2009. Meanwhile, the top estate tax rate is coming down. The estate tax is scheduled to phase out completely by 2010, but only for a year. Unless Congress passes new laws between now and then, the tax will be reinstated in 2011 and you will only be allowed to leave your heirs \$1 million tax-free at that time.

### **9. You may leave an unlimited amount of money to your spouse tax-free, but this isn't always best.**

By leaving all of your assets to your spouse, you don't use your estate tax exemption and instead increase your surviving spouse's taxable estate. That means your children are likely to pay more in estate taxes if your spouse leaves them the money when he or she dies. Plus, it defers the tough decisions about the distribution of your assets until your spouse's death.

### **10. There are two easy ways to give gifts tax-free and reduce your estate.**

You may give up to \$12 thousand a year to an individual (or \$24 thousand if you're married and giving the gift with your spouse). You may also pay an unlimited amount of medical and education bills for someone if you pay the expenses directly to the institutions where they were incurred.

Just as it is vital to have a will, financial power of attorney, and medical power of attorney, having a trusted estate-planning attorney is also an integral part of planning. As the size of your estate grows so does the complexity of estate planning needs. A knowledgeable attorney can draft needed documents and – just as importantly – offer advice, keep your estate plan current with new laws, and introduce new planning techniques to protect your assets as your estate grows.

*Having a trusted estate-planning attorney is also an integral part of planning. It is as vital as having a will, financial and medical power of attorney, and a basic estate plan.*

*As the size of your estate grows, your need for professional assistance in planning your estate grows, too.*