

Creating your estate plan



Key steps to achieving your financial goals

What are the key steps to achieving your financial goals?



Three key portfolio concerns

1

Plan for
the expected

2

Prepare for
the unexpected

3

Position your
portfolio for both

Key steps to achieving your financial goals

A team approach



Your Edward Jones
financial advisor

Estate-planning
attorney

Qualified tax
professional

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Estate goals

- Asset transfer
- Incapacity protection
- Guardian for minors or dependents
- Charitable intent
- Tax planning
- Business succession



Overview

01 Account registration & beneficiary designation

02 What is a will?

03 What is a trust?

04 Important tax information

05 Life insurance

06 Transfer on death

Account registration & beneficiary designation

Account registration



- Investments
- Bank accounts
- Retirement accounts
- Insurance policies
- Pension
- Property

Beneficiary designation

Accounts that designate a beneficiary are not controlled by a will or trust

Ensure current information on all:

Life insurance policies
and annuities

Retirement accounts

Other investment and
banking accounts

What is a will?

What is a will?

What is a will?

- Legal document that governs the distribution of assets in your name
- Determines who gets what assets when you die



What is a will?

Don't have a will when you die?

Your estate goes into probate court

Assets without a beneficiary
designation will be distributed
according to the laws
of your state

What is a will?

Role of executor

- Establish validity of the will
- Collect assets of the estate
- File tax returns
- Distribute assets to trustees and other beneficiaries
- Pay final expenses and taxes



What is a will?

Probate

A judge determines whether the will is valid

Was it properly
executed?

Has it been revoked
prior to your death?

The judge signs a
court order granting
power to the executor

What is a will?

Important documents

- Durable power of attorney
- Health care power of attorney
- Living will



What is a trust?

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What is a trust?



A legal arrangement in which an individual gives control of property to a person or institution (the trustee) for the benefit of designated individuals or organizations

What is a trust?

What can a trust do?



- Provide for a child with special needs
- Restrict inheritances
- Provide tax benefits

Role of a trustee

Establish and implement an investment strategy for the trust's assets

Record keeping and providing accountings to beneficiaries

Pay trust expenses

Make distributions to beneficiaries according to the terms of the trust

What is a trust?

Considerations when naming a trustee



- Experience in managing financial affairs
- Fair and unbiased
- Willing to devote time and energy

Professional trustee considerations

Does the institution offer an experienced staff of attorneys, accountants and trust administrators?

Does it have a written investment philosophy that matches yours?

Will it provide ongoing communication and be accessible for questions?

Will you receive written monthly reports?

What is a trust?

Revocable living trust

Created while you're alive

Can be changed or
revoked at any time

Becomes irrevocable at your death

Determines who gets
what when you die

What is a trust?

Revocable living trust benefits

Provides financial instructions
during incapacity

Names trustees to
manage trust assets

Avoids probate

Provides privacy

What is a trust?

Testamentary trust

Created using your will

Becomes effective at your death

Subject to probate process

Important tax information

Nonmarital transfers



- When you die, your estate must pay your estate taxes
- Estate tax exemption
- Tax rate after exemption

Marital transfers



- Unlimited deduction for transfers between spouses
- No estate taxes due on first spouse's death
- Assets included in estate of surviving spouse

Credit shelter trust



- Created upon death of first spouse and funded up to the amount of the federal estate tax exemption
- Any remaining assets can pass to the surviving spouse without being taxed due to the marital deduction

Credit shelter trust benefits

Can help reduce or
eliminate estate taxes

Can provide income to
surviving spouse

After surviving spouse's death,
trust assets pass to beneficiaries

Portability

- Surviving spouse can retain the deceased spouse's unused exemption amount
- Dollars passed by portability are not protected from generation-skipping tax



QTIP marital trust qualifies for estate tax marital deduction

Surviving spouse receives income from trust assets

- Principal distributions may be allowed
- Unlimited marital deduction may apply

When surviving spouse dies, trust assets pass to beneficiaries



Irrevocable life insurance trust



- Specifically designed to hold life insurance
- Proceeds not included in estate at death

Life insurance

Life insurance

Replaces your income
for dependents

Offsets expenses, such as estate
taxes, attorney fees and debts,
that your estate may owe
when you die

Provides immediate source
of funds for beneficiaries

Protects a family business from
liquidation when you die

Life insurance types



- Term
- Permanent

Term life insurance

Protects survivors against
financial hardship

Death benefits to heirs are free
from federal income tax

Less expensive than permanent
while offering 15–20 years
of protection

Can be converted

Permanent life insurance

Entire lifetime coverage

Earnings are tax deferred

Loans are generally tax free

Death benefits to heirs are
free of federal income tax

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Transfer on death

Additional estate-planning tool

Transfer on death



Transfer on death

- Can reduce time to transfer certain investments
- Avoids probate
- Allows financial services firm to transfer account assets
- Does not apply to real estate, personal property or assets that have a beneficiary
- May be modified or revoked during lifetime
- May include relatives, friends, charities or trusts
- Supersedes will or trust for assets in that account

Questions- Answers
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