

Golden Bullets

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ANSWERS TO IMPORTANT ESTATE PLANNING QUESTIONS: THINGS TO CONSIDER

When we discuss estate planning with our clients, sometimes we have a tendency to focus heavily on tax issues—including income, estate, and generation-skipping taxes. This is particularly true in light of *recent developments in Washington*, where the tax rules affecting planning around death have been front and center.

As the estate planning conversations with our clients deepen, we usually discover that taxes aren't necessarily the most important question on a client's mind. This is especially true for those who are entering upon an estate-planning journey for the first time.

Here are a few things that we have been asked about—and a short summary of what we tell our clients:

- **Why do I need to prepare a will or trust at all?** The death-time transfer of assets cannot always be adequately managed with titling, contract, or transfer-on-death designations. More subtle transfer intentions require some kind of testamentary document—such as a will. A person who dies without testamentary documents is said to *die intestate*. Those who pass away without leaving written directions get the default will imposed by their state of residence.
- **What is probate, and why should I avoid it?** Probate is the court supervision of the transfer of assets. On its face that seems OK, and a few estates are probably better off going through the probate process. However, probate has its drawbacks:
 - It is public.
 - It is highly structured.
 - It takes time.
 - It can be expensive.
- **Explain about trustees and executors.** The main jobs associated with post-death estate cleanup are that of executor of the will and trustee of any trusts. When selecting candidates to do those jobs, the most important characteristics are financial responsibility,

stability, strong organizational skills, respect for rules, and trustworthiness. Usually, my clients are deciding between *a professional*—which is *more reliable, but expensive*—and choosing *a responsible family member*—which is *cheaper but generally less reliable*.

- **How can I keep peace in the family after I'm gone?** In my experience, there is no way to guarantee the stability of interpersonal family relationships after death. However, having a written plan makes distribution intentions clearer, increasing the possibility of family harmony.

Some of our clients are worried about other things. For example, *family considerations in a second-marriage situation* always require careful planning and sometimes suggest life insurance to meet equalization or timing objectives. *Making plans for young children* often involves the use of life insurance to provide money to help a surviving spouse or other guardian. Discussions about financial powers of attorney may support the need for disability or long-term care insurance.

Our objective is to help our clients solve long-term estate-planning problems. Successfully navigating all the estate-planning issues—and working well as part of an estate-planning team—can produce positive results and enhance peace of mind.

Have you created a *comprehensive estate plan*? Has someone *helped you review* your wills lately? Are you *worried about what will happen with family members* and financial resources in the event of death? Let's talk!

AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS THESE OR OTHER FINANCIAL SECURITY ISSUES OF CONCERN.

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