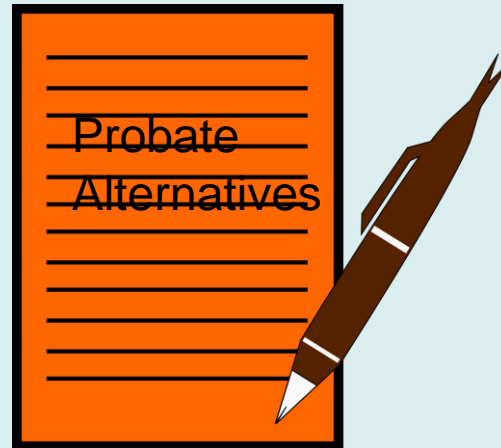


Leaving a Legacy

Alternatives to Probate

New Beginnings Christian Fellowship

Presented by
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Strong International Law Group, LLC




Disclaimer: This is for your edification, and education, NOT legal advice!

Estate Planning

- “ the process of accumulation, management, conservation, and transfer of wealth considering legal, tax, and personal objectives.”
- Goal of estate planning is effective and efficient transfers of estate to the **next generation.**



How your Estate is Distributed

Non-Probate property transferred before probate	Probate transferred through probate process
<p>Transfer by Contract (prior to death)</p> <ul style="list-style-type: none">• Beneficiary in insurance and retirement accounts• Joint ownership with rights of survivorship• Pay on death accounts	<p>As detailed in Will</p> <p style="text-align: right;">Last Will & Testament</p>
<p>Living Trust set up before death Irrevocable Trust set up before death Testamentary Trust takes effect at your death</p>	<p>Or dictated by State law</p> <p style="text-align: center;"></p>

Without a Will...

- Estate transfers to various relatives according to state law
 - Property may not go to desired heirs
- Judge decides on guardianship
 - May not be the person you would choose to raise your child(ren)
- Expenses may eat up \$\$\$
- May take years to complete



Transfer Your Estate

- **Will** (goes through probate process)
- **Non-Probate Property** –
 - does *not* go through probate
 - includes assets transferred to survivors by **contract & beneficiary designation**
 - Life insurance proceeds
 - Financial accounts (retirement accounts, POD acc'ts)
 - Joint ownership assets
 - Assets in Trusts
 - Transfer of Death accounts

Transfer Your Estate by Naming Beneficiaries

- **Beneficiary:** person or organization designated to receive a benefit
- **Beneficiary designation**
 - legal form signed by asset owner
 - Specifies who gets property when owner dies
- **Primary Beneficiary**
 - **Secondary (Contingent)**
 - in case the first-named beneficiary has died

Angie Marie Garies Oscar Franklin Chambers



Avoid Probate: Transfer Your Estate by Ownership

- Joint Ownership (JTWROS)
 - Married couples
 - Joint owner automatically inherits the property
 - Most couples own house JTWROS
- Community property
- Living Trust
- TOD/POD accounts

Living Trust vs. Will

Trust

- Name beneficiaries
- Leave property to kids
- Avoid probate
- Privacy
- Requires property transfer
- Protection from court challenges
- Requires Notary

Will

- Name beneficiaries
- Name guardians
- Name manager for children's property
- Name executor (PR)
- Instruct how to pay taxes & debts
- Simple to make
- Requires witnesses

Simple Wills

Effective only after death

Goes through probate

Becomes public document

Easier for disgruntled heirs to attack

Affairs on hold until court approves

Executor (PR) be approved

Not for multi-state assets

Provides limited tax benefits

Revocable Living Trusts

Effective during life and after death

Avoids probate

Private document

More difficult to attack

Effective immediately to distribute assets

Trustee -No approval needed

Can be used in all states

Flexible tax benefits

Trust Vocabulary

- **Grantor:** person who establishes a trust
 - Also called: settler, donor, or trustor
- **Beneficiary:** person for whose benefit a trust is created
- **Trustee:** the person or corporation to whom the property is entrusted to manage for the use & benefit of beneficiaries
- **Corpus:** assets in trust
 - Also called: trust estate or fund
- **Probate** – court-supervised process
 - Ensures transfer of a decedent's assets to beneficiaries
 - According to will or state law
 - Allows creditors to present claims against an estate
- **Non-Probate Assets**
 - avoid probate process
 - P.R transfers assets directly to heirs

Why Establish A Trust?

- **Avoid probate** (w/ living trust)
- Control distribution of assets
- Protect assets from creditors
- Provide privacy for heirs
- Avoid battle over will
- Provide for special needs person
- If you own property in another state
 - Avoids having to probate in multiple states
- Reduce/avoid estate taxes
- Avoid Conservatorship
- Trust works when incapacitated – Will does not

A trust is an empty cookie jar

- Grantor **MUST** legally *transfer* assets into the trust!
 - Trust is an empty legal document...
until funded
- 70% of all US trusts have nothing in them



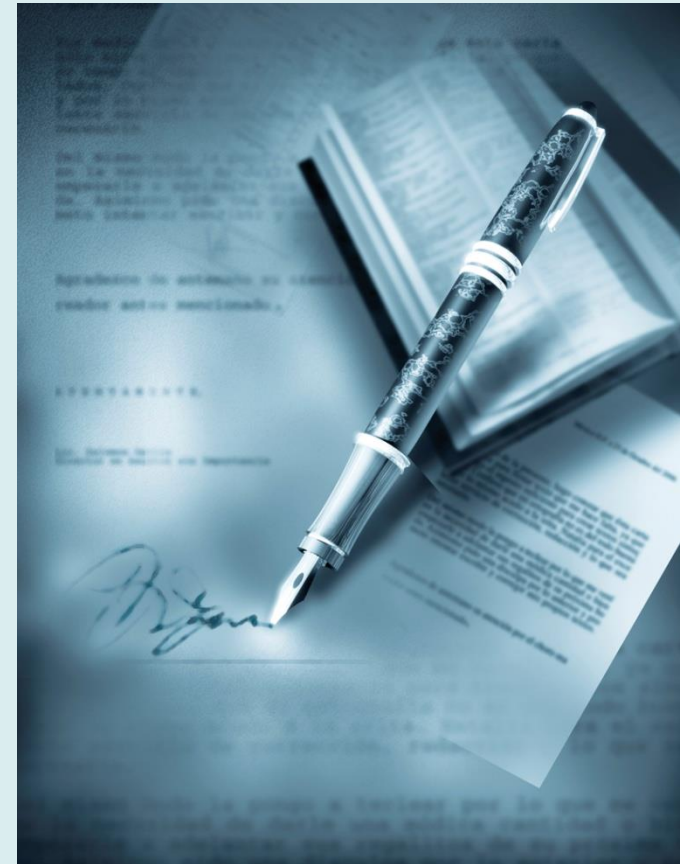
Two Categories of Trusts

- **Living (inter vivos) Trust**
 - takes effect while the grantor is still alive
 - Revocable (to avoid probate)
 - Irrevocable (transfer property to reduce taxes)
- **Testamentary Trust (in conjunction w/ will)**
 - Takes effect upon grantor's death
 - Do NOT avoid probate
 - Often to create a trust for minors
 - Property must be managed by adult



Irrevocable Living Trusts

- Assets bypass probate
- Protects from creditors
- Provides family privacy
- Grantor gives up 3 rights
 - to control property
 - to change beneficiaries
 - to change trustees
 - Family cannot be trustee



Revocable Living Trust

- Avoid probate
- Protect & manage assets
- Deal with incapacity/incompetence of Trust maker
- Trust maker can change trust's terms or cancel it while alive
- Sets up a testamentary trust at death
- Like a will; but more difficult to contest
- More expensive than Will

Testamentary Trusts

- Take effect at death of grantor
- To manage \$ after death
 - Income for spouse & children
 - Underage children (\$ guardian)
 - Disabled adult children
 - Maintain eligibility for government benefits
 - Pass \$\$\$ to adult children at older ages
 - To give assets to grandchildren while the income supports spouse & children

Use Trusts to Transfer Assets



Credit-Shelter Trust
Generation Skipping Trust
Qualified Personal Residence Trust

Qualified Terminable Interest Trust (QTIP)
Irrevocable Life Insurance Trust

Avoid Probate Summary

- Pay on Death bank accounts
 - Fill out bank's form
- Transfer on death
 - Vehicles; securities
- Transfer on Death Deed
- Living Trust
 - Revocable
 - Irrevocable
 - Special Needs
- Testamentary Trust
- Retirement accounts
 - name beneficiary
- Joint ownership
- Life Insurance beneficiary
- Community Property
- Small estates may avoid probate
 - w/ affidavit under \$100k
 - Simplified probate

Who will inherit your digital assets?

- Email, Facebook, & blog?
- Password protected financial accounts?
- Family photos in the cloud?
- License agreement for digital assets not transferable
 - Put digital assets in trust
 - List in will who can inherit (but no passwords)
 - Details in letter of last instruction

Consult a Lawyer if...

- Close relative—someone who would inherit might challenge your decisions
- Children from previous marriage don't get along with your current spouse
- You are in a relationship your closest relatives don't approve of.
- You have a history of mental illness
- You don't plan to leave much to your closest relatives, & they fear you are being unduly influenced by someone

Update Documents as needed: 5 Ds

1. Decade birthday
2. Diagnosis
3. Deterioration
4. Divorce
5. Death of someone close to you



Easy Questions?

Hard Questions - extra \$

Easy Questions ½ off





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A Moment of Reflection
Do you Love Your Family?

YES 

Do You Have a Will?

NO

Spread The Love

for your family,

Get your estate plan

Done

By Valentine's Day



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