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A Guide to Estate Planning

The goal of estate planning is to direct the transfer and management of your property in a way that makes the most sense for you and your family. While this may sound simple enough, it is only through careful planning that you can achieve this result. Without careful planning, your property may pass on your death to unintended beneficiaries or may be reduced unnecessarily by transfer taxes.

While planning for your death is a significant part of the planning process, estate planning addresses more than just the transfer of your assets upon your death. Your estate plan may also provide for the transfer of assets during your lifetime through gifts. In addition, prudent planning may involve planning for the current management of your assets in the event you become incapacitated or desire independent management of your assets as a matter of convenience.

There are a number of considerations that drive the estate planning process. Family considerations are important. For example, you must consider not only whom you want to receive your assets but when and how. Should your children receive their inheritance outright, or should it be managed for their benefit in trust? When should the trust terminate? Should your spouse be a beneficiary? Who should serve as trustee? Does a program of lifetime gifts make sense?

Perhaps just as important as the family considerations are the tax considerations. There are federal and state transfer taxes that apply to lifetime gifts and transfers at death. It is very important to understand the important tools available to minimize total transfer taxes.

The following is a summary of the basics of estate planning to introduce you to the techniques of estate and tax planning and help guide you through the planning process.