



## Estate Planning – It's More Than Just A Will

You may hear the phrase “estate planning” and think:

1. I have a will, so I've done my planning;
2. I'm not rich, so I don't have an estate to worry about;
3. I'm young and healthy, so having an estate plan isn't very important now; or
4. I don't want to think about death because it makes me or my family, sad or uncomfortable.

Estate planning is about more than what happens to your bank account, furniture, car, property, or other assets when you pass away. Estate planning is more than just creating a will, it's about:

- Creating a plan to use and enjoy what you have,
- Building the legacy you want to leave behind to those people or causes that are important to you,
- Planning for your own support if you become incapacitated – the unexpected can happen to anyone, at any time.

Many clients know there are thousands of resources, including software and internet sites, available to help with estate planning. While these do-it-yourself methods can seem cost-effective and are promoted as “easy to use,” there are many reasons to consider working with industry professionals to help develop an estate plan that can truly give clients what they want as their legacy. Consider a few issues with generic resources:

- Each state has its own rules, so what may be important in one state might not be an issue if you live elsewhere.
- While some pre-built forms are good as a stand-alone, combining forms may not work as they may have conflicting provisions. This may invalidate something that is important to you.
- Since no two people are the same, using a “form” might not address your particular family situation or specific wants and needs.
- A slight mistake or omission might be very costly or make your whole plan invalid.

Aside from writing a will, other estate planning documents such as Durable Power of Attorney and Healthcare Directives are important. A will only becomes active at death and does not effectively provide management of your personal and financial affairs if you become incapacitated. Without an estate plan, the local court may take control of your estate and distribute your assets in accordance with state laws.

*Clients should not overlook the potential value of creating a personal trust in place of a simple will.*

If any of the following issues are applicable to you, a personal trust may allow you to provide your loved ones with the legacy you want to leave behind:

<b>Guardians for Minor Children</b>	If you have children under age 18, it's not just about who will be a guardian until the children are of legal age. It's also about what financial resources are available and how you want them managed and used for the child(ren's) benefit.
<b>Special Needs Individual</b>	A properly structured trust can help preserve the ability to receive governmental assistance, while providing supplemental funds to maintain standards of care.
<b>Disposition of Assets</b>	Problems can arise if you have been married previously or have children from different relationships; or want to provide for generations while minimizing tax implications. Transferring assets into a trust, rather than through a will, may help preserve your legacy if there are family dysfunction concerns or potential for litigation.
<b>Tax consequences</b>	In certain trusts, the assets in the trust are not considered part of your estate and are therefore not subject to estate taxes when you die.
<b>Probate</b>	A trust may help protect your family's assets from excessive court costs incurred in defending legal claims against your estate.
<b>Business Succession and/or equalization planning</b>	If you have business partners, what happens when one of you retires, dies or is permanently incapacitated? Can you buy your partner's share of the business or will you "inherit" an unfamiliar business partner who does not understand your business? If a family member will assume ownership of the business, do you need to provide cash flow during the transition or equalize your estate for your other beneficiaries?
<b>Asset protection</b>	Are you in a high risk profession (e.g., doctor, lawyer, other professional or business owner)? If you are, then you may need a method to help protect your business assets upon your passing.

Planning your estate may be a process you would rather postpone. However, the time you take to develop your plan helps your loved ones later. Aside from avoiding possible family disputes, an estate plan alleviates the need for others to guess how you wanted your personal and financial affairs to be handled.

The ultimate goal is to develop a plan during your lifetime that will allow you to continue to accumulate wealth, help protect your wealth (from unforeseen events such as bankruptcy or divorce) and then upon your passing, effectively distribute your wealth in the way you want, to the people you want.

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