



Ensuring Your Legacy Lasts for Lifetimes

It's never too soon to start thinking about your
Estate Plan.

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Estate planning can be an uncomfortable subject that many people prefer not to discuss because it involves answering questions that some may find difficult to answer. Such questions can include:

- What happens to your assets if your spouse remarries after you die?
- Do you trust your children to be responsible with their inheritance?
- Is there a family member you want to cut out entirely?



These types of topics, along with the concept of one's own death can make it easy to postpone setting up an estate plan. However, it is important to understand that not having an estate plan can lead to unintended consequences for your spouse, children, and other beneficiaries. In particular, an estate plan provides you the ability to do the following:

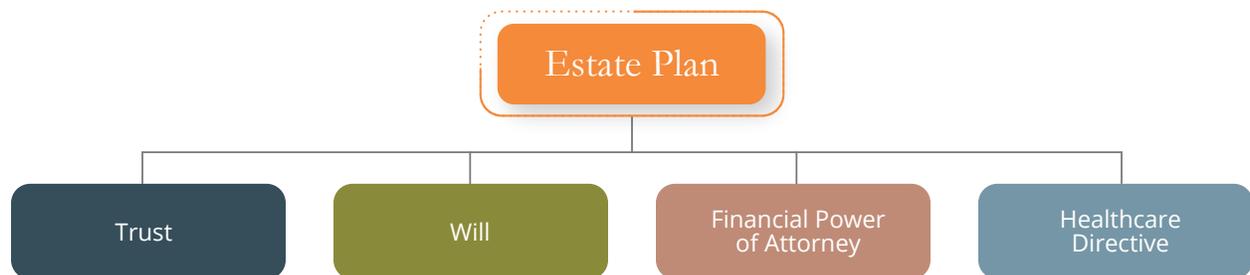
- Control who receives your assets after your death and how they are distributed. If you die without an estate plan, your assets will be distributed according to the laws of intestacy. Oftentimes, this results in your assets being distributed to certain persons that you would not have chosen. In addition, an estate plan provides you the ability to control how your assets are distributed for your beneficiaries long after you have died. For instance, you can establish a trust for the benefit of your children and dictate the terms of when and under what circumstances distributions should be made to them.
- Identify who makes decisions on your behalf if you are incapacitated. A comprehensive estate plan includes powers of attorney and health care directives that allow you to identify the persons who should make financial and healthcare decisions on your behalf in the event you are unable to act. These documents also provide you the opportunity to include any specific instructions regarding your desires surrounding organ donations, burial instructions, etc.
- Identify who should care for your minor children. Guardianship provisions are a key element of an estate plan because they allow you to identify the persons who should care for your minor children in the event of your death.
- Avoid probate and maintain privacy. Estate plans that utilize revocable trusts allow you to avoid the court administered process known as probate. Avoiding probate allows you to keep your matters private and administer your estate without court supervision. In addition, the probate process can be expensive and very time consuming. A properly structured estate plan will help you avoid these costs and concerns.
- Mitigate estate and gift taxes. An estate plan should be structured to maximize your lifetime estate tax exemption and generation skipping transfer tax exemption, which are both currently \$12,060,000 per person. Certain states also impose their own state estate taxes, which can require additional planning. It is also important to understand the concept of "portability" and how it may be used in your plan. Your circumstances may also be right for you to utilize the annual gift tax exclusion, which is currently \$16,000 per person.

Draft Early and Review Often

Whether you have an existing plan or are preparing to establish a brand-new one, you should think about your estate plan as a five-year plan. Think about what should happen to your assets and who should be responsible for making decisions should something happen to you in the next five years. Your estate plan is revocable and amendable while you are living. Therefore, you should review your plan every several years to ensure it still functions well and accomplishes your goals.



Types of Documents in an Estate Plan



A comprehensive estate plan includes several documents. The most common are:

- **Trust**
 - The primary document in a trust-based plan.
 - Contains the dispositive provisions of your plan (i.e. who gets what).
 - Avoids probate and provides privacy.
- **Will**
 - In a plan that does not include a trust, the will is the primary document and contains the dispositive provisions of your plan.
 - In a trust-based estate plan, your will functions in coordination with your trust to address assets that are not in your trust at the time of your death.
 - Your will also typically identifies the guardians for your minor children.
- **Financial Power of Attorney**
 - Appoints an individual to act on your behalf for financial matters if you are incapacitated
- **Healthcare Directive**
 - Appoints an individual to act on your behalf for healthcare decisions if you are incapacitated.

BakerAvenue's Estate Planning Services

At BakerAvenue, we can guide you through the process and help you identify your options. Our estate planning and tax experts will also help you understand any potential estate and gift tax concerns you may be facing and the optimal structures that may apply to your specific set of circumstances. If you already have a plan in place, we can review your existing documents and help you determine whether any updates are necessary. Our comprehensive review process will identify all of the elements of your existing plan and show you how the plan functions today. We will then work with you to highlight the structures you may want to implement and the items you could consider revising given your current family dynamics, net worth, and the existing tax laws.



Estate Planning Questions to Consider

Review Beneficiaries	Review Titling of Assets	Review Tax Impact	Fiduciary Designations	Communication Wishes
Have there been new additions to the family?	Is your trust fully funded?	Is your estate near the Federal or State Tax exempt threshold?	Are your chosen fiduciaries still healthy enough to take care of your affairs?	Have you informed your fiduciaries of their roles?
Have any of your named beneficiaries passed away?	Have you titled your home and other real property to avoid probate?	Do you have property with low-cost basis you might sell?	Are you confident that your fiduciaries will act in your best interest?	Have you told your family your wishes?
Have you updated beneficiary designations of retirement assets, annuities, TOD accounts, insurance policies?	Have you prepared an "outside writing" directing disposition of personal property?	Have you considered lifetime gifts to reduce the value of your estate?	If you have minor children, are you satisfied with your named guardians?	Have you prepared a Letter of Instruction?
Have you updated beneficiary designations of retirement assets, annuities, TOD accounts, insurance policies?	Have you changed the title of any assets?	Do you intend to leave a portion of your estate to charity?	Are you satisfied with the person you named as executor of your will?	Does your family know where your important documents are?
				Do your fiduciaries have copies of your documents?

Please contact BakerAvenue to discuss how we can help you start to think about an estate plan or to review an existing one.

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For more information, please [contact us](#) or visit us at bakerave.com.

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