

HOW DO YOU PRESERVE YOUR LEGACY AND CARE FOR YOUR FAMILY IN THE FUTURE?

AN ESTATE PLANNING CHECKLIST

Leaving a legacy for your loved ones, no matter the size of your estate, can be accomplished through the creation of an estate plan. According to a 2022 senior living referral service Care.com survey, 67 percent of the population does not have an estate plan in place. [i]

There are many misconceptions about estate planning – for example that they are exclusively for the wealthy – which may leave us wondering if an estate plan is appropriate for ourselves and our family. The answer is that while each person’s situation is different, everyone has the potential to benefit from an estate plan. We want to help you take that first step toward putting your affairs in order and creating a viable blueprint from which you and a financial professional can work.

With your personal needs in mind, we have created this Estate Planning Checklist to help you manage and navigate the different choices and challenges you may face as you work towards preserving your wealth.

HAVE YOU DRAFTED A WILL YET?

- A will is a legally enforceable document that allows you to provide guidance on how to manage your affairs, property, and assets after your death. Within a will, you name the executor of this document, who is responsible for ensuring the estate is settled and distributed according to your wishes. If you have children of your own or you are a guardian of minor children, you can choose a guardian for them who will take legal and physical custody of them upon your death. If somebody dies without a will (intestate), the distribution of their assets is left to the government to sort out.
- The cost of drafting a will varies from \$150 to \$1,000, depending on the process selected. [ii]

HAVE YOU DECIDED ON FINANCIAL AND MEDICAL POWERS OF ATTORNEY?

- A power of attorney, financial or medical, authorizes a person to make decisions on your behalf if you are unable to through incapacitation or death.
- A power of attorney may cost a few hundred dollars, but you can also make one for free and only pay notary fees, depending on your chosen process.

DO YOU HAVE A LIVING WILL?

- A living will is different than the last will (mentioned above) in that a living will is a legal document that determines which medical treatment you want in the event you are still alive, however, incapacitated. This can include dialysis, intubation, being put on a ventilator, whether or not to employ a feeding tube if you can no longer feed yourself, and whether you wish to be resuscitated, to name a few aspects of this document.
- The cost to create a Living Will can vary considerably, typically ranging from \$200 to \$1,000.

IS THE CREATION OF A TRUST NECESSARY TO MEET YOUR ESTATE PLANNING NEEDS?

Trusts often get misunderstood as an estate planning instrument for the wealthy, but they can be potentially beneficial for anyone depending on your circumstances. A trust is a fiduciary agreement used to hold assets for one or more beneficiaries. They are typically established to utilize estate tax advantages, maintaining estate privacy because it keeps family assets out of probate public records, and bypassing the often time-consuming and costly venture of probate. Here are two popular trusts and why they are attractive to some individuals:

- **Living Trust** – Also known as a revocable living trust, this legal document establishes a trust for any assets that you want to transfer into it. The main point of a living trust is to oversee the transfer of your assets after your death. However, there are several advantages to using a living trust, including the following:
 - *Avoiding Probate* – Probate is a court-supervised process that can become time-consuming and costly, and throughout the probate period, your beneficiaries are not allowed access to your assets. If your assets are held in a living trust, they bypass probate and can be distributed to your beneficiaries immediately. [iii]
 - *Managing the distribution of your property* – Similar to a will, a living trust dictates how your assets get distributed after your death. In some cases, if you have a minor, you can set up a trust within the living trust for that child until they reach a mature-enough age to gain control of their inheritance.
 - *Retention of your privacy* – The probate process is a public record. If your assets are in a living trust, people cannot search the public record to see what you once owned.
 - *Management of your affairs should you become incapacitated* – Should you become incapacitated, and the need arises, your trustee can handle specific matters and administer the assets held by the living trust without having to apply to the courts for authority to be in charge.
- **Irrevocable Living Trust** – The use of this trust has the potential to be instrumental in the estate planning process. A great benefit of an irrevocable trust is that your assets cannot get used as leverage for creditors or other outstanding liabilities. You can also become eligible for government programs.
- However, there are other reasons why you may find a trust favorable. Speaking with a financial professional can help to navigate the broad array of options and complex language involved.

HAVE YOU COMPILED A LIST OF YOUR ASSETS AND LIABILITIES?

- Keep written lists of your assets and liabilities, and ensure that your estate administrator knows where these lists are kept. Having lists will lessen the stress and help to avoid unnecessary costs and time involved with sorting everything out. To start, you may want to include:
 - *Inventory* – List all of the items of value. This includes the home, vehicles, jewelry, art, technology equipment (computers and printers), lawnmowers, weed whackers, leaf blowers and other power tools, and collectibles.
 - *Non-Physical Assets* – If you have IRAs, 401(k) plans, brokerage accounts, life insurance policies, bank accounts, and other long-term care, auto, and health insurance. There are a couple of ways you can make it more manageable for your loved ones to access specific accounts when the accounts are passed to them. One way is to designate a beneficiary through a Transfer on Death (TOD) account (typically used for investment accounts), or a Payable on Death (POD) account (generally used for bank accounts). Setting up a TOD or POD is relatively easy, and only requires that you fill out a few forms. The use of POD's and TOD's can also help in the transfer of assets to Revocable or Irrevocable Trusts (mentioned above). Another way is to set up a separate account that has co-owner status. Jointly held accounts or accounts with co-owners bypass probate, though you want to be careful with this method if one of you has outstanding debt. [iv]
 - *Intangible Assets* – You might own copyrights, patents, trademarks, and other intangibles.
 - *Debts* – If there are mortgages, home equity lines of credit, auto loans, and other debts owed.

ARE YOUR BENEFICIARIES UP-TO-DATE?

- A beneficiary is any person, charity, or trust that you designate as the recipient of your assets after you die, including your life insurance, 401(k)s, IRAs, real estate, bank and brokerage accounts and more. Having your beneficiary designations clear and up-to-date help to mitigate issues your loved ones might face during the distribution of your estate. Updating beneficiary information is easy to do and only takes a couple of minutes.

HAVE YOU REVIEWED AND, IF NECESSARY, UPDATED YOUR INSURANCE AND RELATED FINANCIAL INSTRUMENTS?

- You may have purchased life insurance and annuities. Make sure to review these regularly as you would, for example, a retirement account or investment portfolio, to ensure the benefits of these instruments are still to your liking.

HAVE YOU REVIEWED AND, IF NECESSARY, UPDATED YOUR INSURANCE AND RELATED FINANCIAL INSTRUMENTS?

- Accounts associated with retirement have designated beneficiaries, and it does not matter how you direct these accounts to be distributed in your will or trust. The beneficiary designation attached to the retirement account will take precedence. So it may benefit you to review these regularly by contacting your employer and ensure the beneficiary listed is the one you truly want in the case of a divorce, for example.
- Are the retirement accounts where you house your money still the ones you want to use? As the tax laws change, it might benefit you to consider restructuring your portfolio. This can be a complicated process, and we recommend you seek help from a financial professional.

DO YOU HAVE ANY PHILANTHROPIC INTERESTS?

- If your estate consists of a number of assets and you are interested in giving to charity, there are options for incorporating your philanthropic goals into an estate plan. If you are interested, for example, in creating an income stream for the charity throughout your lifetime, you can establish a charitable lead trust (CLT). Conversely, if you establish a charitable remainder trust (CRT), your beneficiaries receive the income stream while you are alive with the remainder going to the charity. A financial professional can help you understand better the different options that would work for you. [v]

ARE YOU A BUSINESS OWNER? DO YOU HAVE A PLAN FOR YOUR BUSINESS ONCE YOU ARE GONE?

- Running a business is a big responsibility with many moving parts. Do you have a plan structured on how you want to transfer the business's assets? Will it go to family members, for example, using a family limited partnership or a family limited liability company? [vi] A donor-advised fund is another option, where you can donate privately held business interests to a public charity.

HOW DOES GIVING ANNUAL GIFTS TO FAMILY AND FRIENDS WORK?

- A popular estate planning strategy allows for an individual to give annual gifts to people without suffering a tax consequence. The IRS allows you to provide a yearly gift of up to \$16,000 (2022) to as many people as you want without creating a tax consequence. The IRS is expected to adjust the exclusion amount to \$17,000 in 2023, increasing the ceiling \$1,000 from the previous year. If you are a married couple, each spouse can give an individual gift, so technically, a person can receive \$32,000 (2022) without taxation. This total is likely to increase to \$34,000 in 2023. [vii]

ARE THERE ANY OF THE ABOVE BOXES THAT YOU HAVE OR HAVE NOT CHECKED OFF BUT WOULD LIKE TO EXPLORE FURTHER?

If so, consider scheduling an appointment with a financial professional to review your situation and help you work towards checking off the boxes to your estate planning goals.

Thank you for downloading our Estate Planning Checklist. We hope this information will allow you to reflect on the future needs of you and your family and provide insight into the benefits of creating a customized plan with a financial professional.

Preserving wealth can provide you and your loved ones with a foundation to grow from, which may allow you to focus on what is essential in your life now and in the future. Helping you to create a plan in pursuit of your financial needs and goals is what we do. We look forward to connecting with you and building a lifelong relationship.

Footnotes:

- [i] 67% of Americans have no estate plan. Here's how to get started on one (cnbc.com)
- [ii] Cost of a Making a Will (investopedia.com)
- [iii] What Is a Living Trust? | LegalZoom
- [iv] Payable on Death (POD) Definition (investopedia.com)
- [v] Charitable Remainder Trusts vs Charitable Lead Trusts | Regions
- [vi] Estate planning: do you need one? | Fidelity
- [vii] IRS bumps estate-tax exclusion to \$12.92 million for 2023 (cnbc.com)

Important Disclosures:

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations, nor is it intended to provide any advice or recommendations for any individual product or security. To determine which product(s) or investment(s) may be appropriate for you, consult your financial professional prior to purchasing or investing.

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