

## How Can a Trust Help?

Placing property into a living trust before death can help you achieve your objectives for property distribution and avoid the probate process. A living trust can also be used to control your assets in the event of incapacity, using a person(s) and/or organization of your choosing as trustee.

A trust can also control assets left to an heir who is not mature enough to handle money or to several generations of heirs (e.g., a dynasty trust for the education of your progeny).

## Can a Trust Save Taxes?

A credit shelter trust can double a married couple's exclusions from estate tax. An irrevocable life insurance trust can keep life insurance out of your taxable estate. A qualified domestic trust will give a non-citizen spouse the same tax benefits as a citizen. A qualified personal residence trust can also yield favorable results.

## Other Considerations

Thought should be given to preserving assets in the event of an extended nursing home stay. This is sometimes called **Elder Law**. Disabled family members have unique needs which must be considered through **special needs planning**. **Charitable giving** is both ethical and tax efficient.

## To learn more, please call:

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# ESTATE PLANNING



*Preserving  
wealth for your  
beneficiaries, and  
ensuring that  
end-of-life decisions are  
carried out according  
to your wishes*

**HINKLE, FINGLES  
& PRIOR  
ATTORNEYS AT LAW**

**Proper Estate Planning** is necessary to maximize what assets you can pass to your heirs. This brochure will help you understand how estate planning and the use of wills, living wills, durable powers of attorney, and trusts can preserve your wealth for your intended beneficiaries, and ensure that end-of-life decisions are carried out according to your wishes.

## What are the Goals of Estate Planning?

The most common goals of estate planning include making sure the greatest amount of your estate passes to your intended beneficiaries, paying the least amount of taxes and avoiding or minimizing probate. Additional goals typically include providing for and designating guardians for minor children, planning for your incapacity and charitable giving.

## How Does the Government Tax Estates?

The federal government imposes a tax of approximately 45% on estates (including the value of life insurance), subject to an exclusion. The exclusion is \$2 million in 2008, and will rise to \$3.5 million in 2009.



Unless Congress acts, this exclusion drops to \$1 million in 2011. Transfers between spouses are exempt regardless of amount. The federal government also imposes a gift tax (subject to exclusions and deductions) to prevent bypassing the estate tax.

Estates are also subject to the death tax laws of the state in which a decedent resides at the time of death or the state in which real property is located. Not all states impose a death tax, but both New Jersey and Pennsylvania do.

## What is Probate?

Probate is the legal process of settling the estate of a deceased person. In some states, it is a formality; in others, a judge actually reviews the estate administration. A drawn out or contentious probate process can deplete the assets of the estate, and may not be in the best interest of your intended beneficiaries.

## What is a Will?

A will is the most commonly used legal instrument for the distribution of property of a deceased person. But it is seldom enough to adequately protect an estate.



## What is a Durable Power of Attorney?

This is a device that authorizes one person to act on behalf of another, typically in the event of incapacity. Generally, one power of attorney will govern financial matters and possibly guardianship of children. A second will involve medical decision making.

## How Does a Living Will Differ from a Medical Directive?

There may not be a difference. These terms have no precise meaning. It is important that you designate someone to make medical decisions in the event of incapacity, and should this be your wish, establish that treatment can be refused if the situation is hopeless. Access to medical records is a must.