



SECURITY BENEFIT

ESTATE PLANNING BASICS

What Is an Estate Plan and Who Needs One?

There's a misperception that estate plans are only for the wealthy, but most people can benefit from one. An estate plan is a map that reflects the way you want your personal and financial affairs to be handled in case of incapacity or death. Thinking about your incapacity or death is difficult but doing so can bring you peace of mind and ease the strain on your loved ones.

Key Considerations for Estate Planning:

- ✓ Health care
- ✓ Planning for incapacity and health care decisions
- ✓ Property management
- ✓ Wills and probate
- ✓ Taxes
- ✓ Lifetime gifting
- ✓ Life insurance
- ✓ Trusts

Planning for Incapacity: Health Care Directives

- A **Living Will** is a written, legal document that spells out medical treatments you would and would not want to be used to keep you alive.
- **Durable Power of Attorney for Healthcare** designates an agent to make decisions on your behalf.
- A **Do Not Resuscitate Order** directs that resuscitative measures be withheld or withdrawn.

Planning for Incapacity: Property Management Tools

- If there's joint ownership, then the joint owner has the same access to your property.
- A Durable Power of Attorney lets you designate an agent to make decisions on your behalf.
- A living trust lets a successor trustee take over management of your trust property.

What Happens if You Die Without an Estate Plan?

If you die without an estate plan, some property passes automatically to a joint owner or to a designated beneficiary — for example, IRAs, retirement plans, life insurance, and trusts.

All other property generally passes according to state intestacy laws and asset distribution becomes the responsibility of a probate court. Your wishes are irrelevant, and many potential problems can result.

Wills and Probate

A will, written and signed by you and witnessed by another individual, is the cornerstone of an estate plan. It directs how property will be distributed, names an executor and guardian for minor children, and minimizes taxes. Most wills must be filed with probate court. An executor collects assets, pays debts, files tax returns, and distributes property to heirs. The process can take several months to a year, but there are things you can do to avoid probate, ranging from the use of trusts to making lifetime gifts.

Tax Basics

Federal gift tax — This is imposed on transfers you make during your life.

Federal estate tax — This is imposed on transfers made upon your death.

Federal generation-skipping transfer (GST) tax — This is imposed on transfers to individuals who are more than one generation below you (such as grandchildren) both during your life and upon your death.

Lifetime Gifting

- Lets you see the recipient enjoying your gift
- Lets you minimize transfer taxes by taking advantage of the annual gift tax exclusion and other tax deductions
- Removes future appreciation of property from your taxable estate

Trusts: A Versatile Estate Planning Tool

A trust is a legal entity that holds property and is managed by a trustee through an established trust agreement. Beneficiaries have rights to the trust property under the terms of the agreement. There are various types of trusts to explore, but all trusts can help.

- Protect against incapacity, avoid probate, and minimize taxes
- Allow professional management of assets
- Provide safeguards for minor children, elderly parents, or other beneficiaries
- Protect assets from future creditors
- Provide control over property

Life Insurance

Life insurance can provide needed liquidity. Proceeds can be included in your estate for federal estate tax purposes unless your estate plan addresses this issue. With life insurance, clear ownership of the policy is key.

PLAN TODAY FOR PEACE OF MIND TOMORROW

Life is uncertain.

Establishing an estate plan can provide you and your loved ones with peace of mind and alleviate the burden of making decisions during a crisis. Assessing your goals and implementing a plan with input from a financial professional can be one of the best things you can do for your overall financial, physical, and emotional well-being.

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