



Estate planning is the preparation of tasks that serve to manage an individual's asset base in the event of their incapacitation or death.

## **Last Will and Testament (Will)**

A Will is a legal document created in accordance with state law that sets forth how and to whom a person's probate property will be distributed upon death. Therefore, a Will does not stop your estate from going through probate. A Will allows you to name the individual you want to handle your estate. A Will may also be used to appoint an individual to serve as guardian over your minor children. To be valid, a Will must meet certain formal requirements as provided by state laws.

## **Living Will**

A Living Will is a legal document you can use to express your wishes to a doctor about the refusal of health care, specifically the use of life-sustaining treatment should you become terminally ill or permanently unconscious. It becomes effective only when you are unable to communicate your wishes.

## **Health Care Power of Attorney**

A Health Care Power of Attorney (or "Durable Power of Attorney for Health Care," sometimes known as a "DPOA") is a legal document that authorizes another person to make health care decisions on your behalf. It becomes effective only when you cannot make your own health care decisions, whether or not your condition is terminal.

## **Financial Power of Attorney**

A Financial Power of Attorney is a legal document that authorizes another person to make some or all of your financial, business, personal and/or real estate decisions for you if you cannot make them for yourself. There are two types of Financial Power of Attorneys. The first is a Durable POA, which is valid at any time, meaning you do not have to be disabled for it to be effective. The second is a Springing POA. It "springs" into effectiveness if you were to become disabled or incompetent.

## **Trusts**

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A trust exists when one person (often called the grantor or the settlor) gives property (i.e. real estate, investment accounts, CD's, bank accounts, jewelry, etc.) to another person (called the trustee) to hold and manage for one or more other persons (called the beneficiaries).

### **Revocable Living Trust**

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A Revocable Living Trust allows the grantor to change or cancel the trust during his or her lifetime. The grantor keeps all the benefits of any property placed into it for the rest of his or her life. Revocable Living Trusts can be funded with any property, such as bank and brokerage accounts, stocks and bonds, a home and other real estate.

A Revocable Living Trust gives the grantor more control on how the assets will be distributed, may allow the assets in the trust to avoid Probate and reduce or defer estate taxes. It becomes irrevocable at the beneficiary's death.

### **Irrevocable Trust**

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In general, an Irrevocable Trust cannot be changed or cancelled once it is created. The majority of them removes all incidents of ownership, effectively removing the trust's assets from the grantor's taxable estate. Irrevocable Trusts may provide the beneficiary(s) with asset protection from creditors and spouses in divorce. They are often used for life insurance, special needs or elder care planning.