



The White Oaks Guide to Estate Planning



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The White Oaks Guide to Estate Planning

Picture this: you've achieved all of your life-long financial dreams, including paying off your home and children's college tuition. You finally bought that Porsche you wanted, and your spouse doesn't have to work full-time anymore to help with bills.

You've spent your life fervently working hard to provide for your family, friends and coworkers. You've stayed late at the office and arrived early. All of this is done in an effort to share your culminated success, security and happiness. Finally everything's fallen into place — or has it?

Have you planned for your family's financial future past your death?

As humans and as people, we never want to think about death. It is, as quoted by the American Bar's [Family Legal Guide](#), something we're all a "little squeamish about." However estate planning, or planning for death, doesn't have to be depressing.

In fact, it is a proactive measure to **provide for your family** after you pass away. Estate planning is a great

gift to them, as it can help allocate proper resources and funds to them faster and allow them to grieve. Not only that, but it also can potentially reduce taxes and the expenses that come with death.

The discomforting feeling shouldn't be a deterrent; instead, it should be a motivator. Despite this, "**only about two out of every five Americans have a will.**" Planning for your estate gives you security and reassurance of knowing where your money and assets will be going once you are no longer around. Whether it's your spouse, close friend or charity, you can rest assured and remain in control.

Using a financial advisor and attorney can help you avoid mistakes and may find tax opportunities. Usually, these two work in tandem to create the appropriate gambit of wills, trusts and power of attorneys (POAs) to transfer your property seamlessly to whomever you wish.

In this guide, we are going to outline the common terminology behind estate planning, and what you need to know to plan properly.

**Disclaimer: This is not intended to be legal advice. The advisors here at White Oaks have decades of experience in the financial planning and wealth management industry, and wish for this resource to be educational and intended for an introductory understanding of estate planning only. To get a firm plan for your estate, you should contact a qualified financial advisor and attorney to arrange this for you.*



What You Need to Plan Your Estate

Before jumping the gun, talk with your spouse and family members about planning your estate. You can't account for everything if you don't have all of the necessary information and assets in place. Who owns what, and are there any overarching debts or property titles to be aware of?

It may be an uncomfortable subject to bring up at first, but in the long run your spouse will be thankful you've included them in your plan. Leaving them in the dark, or in a cloud of uncertainty, will only contribute to more stress later on. Plus, any stone left unturned can cause **undue legal issues later on** and prevent crucial

decisions to go awry regarding "the disposition of your property and the care of your family."

That said, below shows most estate plans include:

- ➔ A detailed and thorough will
- ➔ A Power of Attorney
- ➔ Trusts
- ➔ Medical directive and health care agent form

This list below is from the American Bar Association, and is a great resource for information you should have "readily available" for your lawyer:

Information You Need to Plan Your Estate

For an individual with a sizable estate or for the person who wants to divide his or her estate among many people, it's helpful to know as much of the following information as possible. If you use a lawyer, you can save the lawyer's time and your money by having this information readily available.

- ✓ the names, addresses, and birth dates of all persons, whether or not related to you, you expect to name in your will;
- ✓ the name, address, and telephone number of the person(s) you expect to name as the executor of your will;
- ✓ if you have minor children, the names, addresses, and telephone numbers of possible guardians;
- ✓ amount and source of your principal income and other income such as interest and dividends;
- ✓ amount, source, and beneficiaries, if any, of your retirement benefits, including IRAs, pensions, Keogh accounts, government benefits, and profit-sharing plans;
- ✓ amount, source, and beneficiaries, if any, of other financial assets such as bank accounts, annuities, and loans due you;
- ✓ amount of your debts, including mortgages, installment loans, and business debts, if any;
- ✓ a list (with approximate values) of valuable property you own, including real estate, jewelry, furniture, collections, heirlooms and other assets;
- ✓ a list and description of jointly-owned property and the names of co-owners;
- ✓ any documents that might affect your estate plan, including prenuptial agreements,
- ✓ marriage certificates, divorce decrees, recent tax returns, existing wills and trust documents, property deeds, and so on;
- ✓ location of any safe deposit boxes and an inventory of the contents of each.

What You Need to Plan Your Estate

While you're taking the beginning steps for an estate plan, you should always reevaluate and review your plan in the event of the following:

- ➔ Inheriting or acquiring new property
- ➔ Changes in federal and state laws (especially those with estate or inheritance taxes)
- ➔ Birth of a child
- ➔ Death of a spouse or child
- ➔ Marriage or divorce
- ➔ Bankruptcy
- ➔ Moving to another state, as some laws and legislation varies
- ➔ A change in charity investments
- ➔ Changing/adjusting your will
- ➔ Starting a business

This list may seem daunting and overwhelming, but think of it as elements that make a house—the foundation, walls and roof all help shield you from a rainy day.

Talking to a Financial Advisor and Attorney

Depending on what kind of property you have, your estate needs and other factors, we emphasize the importance of contacting a qualified financial advisor and attorney to estimate costs and that proper arrangements are made for the present and future.

Remember those “undue legal issues” we mentioned in the last section? Without an estate plan, your property and other “stuff” can risk falling to the decision of the state courts and state intestate laws. That means your property may not be distributed to those you had wanted.



Wills and Probate

A will provides a detailed explanation for how you wish your property and assets to be inherited and distributed. Please keep in mind a will not prepared by a qualified estate planning attorney may cause legal challenges and prolong the distribution process. Start the process yourself, but as a general rule, always make sure to consult an attorney so it is **enforceable in your state**.

If you're worried about the costs of an attorney, especially if they work on an hourly basis, compile as much information as possible to save them time they'd charge you for. Also, it is far less expensive to have a legal-backed document than to leave your assets to the courts and your estate taxes for your family to pay.

Make sure you refer to section I to see what information you'll need to create a will.

When you pass away with a will your estate goes into probate. Working with your financial advisor and attorney to title accounts and real estate properly can either avoid or reduce probate.

Is a Will Required?

While it is an integral piece, some assets pass to your heirs without a will. This can include retirement accounts, life insurance, trusts, and pay on death designations. Discuss these options with your advisor and attorney to figure out the best distribution/combination that's right for you and your loved ones.



Trusts and Living Trusts

Much like a will, trusts are another commonly used legal document--trusts allow you to distribute your funds and assets to chosen family members or other beneficiaries. This process is a “[legal arrangement](#)” so it must be done through an estate planning attorney.

There are many different kinds of trusts to consider:

- ➔ **Living trusts or Revocable Trusts** are pretty obvious—trusts that are established while the grantor is living. This helps prevent going through the arduous probate process, and can include things other than money. If privacy is important to you, unlike a will which is public record, trusts are private. They also allow for your assets to be co-managed (co-trustee) if you are no longer able to make good financial decisions for yourself.
- ➔ **Irrevocable trusts** are ones the grantor relinquishes control of upon creation. Basically, these assets will be taken out of the cumulative estate taxes. These are often set up for life insurance or gifting purposes.
- ➔ **Charitable trusts** are assets and funds you specifically allocate for charity.

One great estate planning tool that can be used in wills or trusts is to decide to let the beneficiaries receive the money more slowly - say over a certain period, or at certain ages. This allows the beneficiaries to avoid blowing the whole amount immediately as most lottery winners do. Talk to your financial advisor and attorney about what might make sense for your family.



Taxes

Do you know if your estate is subject to federal or state estate taxation? Talking about taxes is bound to come up when planning your estate because the amounts vary from state to state and can change constantly due to Congress.

Speak with your attorney and see if you'll owe taxes on your estate—they can “help you shield more of your assets from the tax burden, reducing the amount you owe while also helping you allocate enough money or liquid assets in order to meet the tax demand so your family doesn't feel pressure from the IRS because of your passing.”



Powers of Attorney

Having a power of attorney or POA designates someone to act on your behalf while still alive. There are different types of POAs, and some grant more limited powers than others. Every state, however, recognizes POAs in some capacity.

Whether it's a family member or attorney, a durable power of attorney provides swift action and will let that designated person or lawyer handle your affairs if you become incompetent or can't speak. This becomes null and void once you pass away.



Medical Directive and/or Health Care Agent Form

If you are alive but are unable to make medical decisions for yourself you will need to use a document called a **health care directive**. This lets your doctors know who can make the decisions for you if there is any question about them. On the form you let your appointed health

care agent know whether you want to be resuscitated if you flat line, be an organ donor, and whether you should be cremated or buried. Including some form of this documentation is essential for your estate.



Takeaway

Don't hesitate to talk to those close to you about planning an estate. Life and death are natural processes of life, and procrastinating will only make it harder for your family. Consult with a trusted financial advisor to see what paperwork you need to provide for an estate planning attorney if you are unsure.

We hope this guide has been helpful as an introductory resource into the basics of estate planning. To learn more, feel free to check out some of our free resources or reach out to one of our long-standing financial advisors, who can guide you with expert advice and recommendations on your asset allocation, trusts and more.





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