

### ESTATE PLANNING FOR THE BEGINNER

What Should Be in Your Plan?

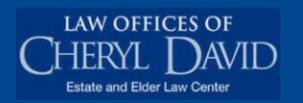


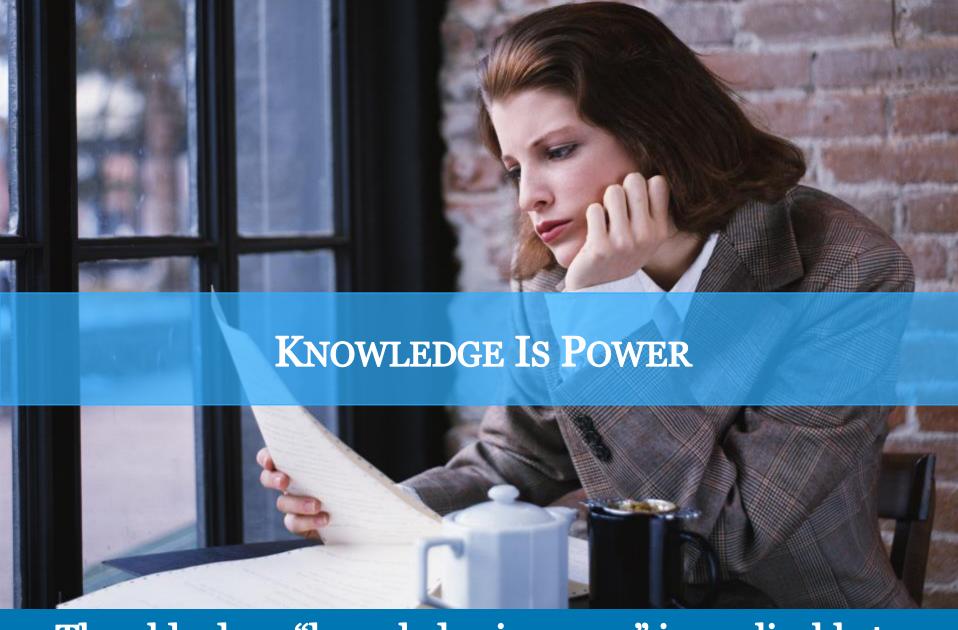


Surveys tell us that although most Americans understand how important it is to have an estate plan in place, over half of them do not have one.



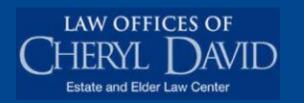
When asked, one of the most common reasons given for failing to have an estate plan in place is not knowing where to start or what to include in a plan.





The old adage "knowledge is power" is applicable to estate planning.

Once you learn a bit more about the various tools and components that you might include in your estate plan you will likely feel better prepared and ready to finally get started on your plan.

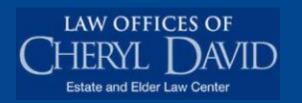


### THE INDIVIDUAL NATURE OF ESTATE PLANNING



Your estate plan should be as individual and unique as you are.

With that in mind, it cannot be stressed enough that working with an experienced estate planning attorney is the best way to help you decide which of the following components you need in your estate plan.





Typically serves as the foundation of your estate plan

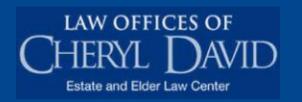
Allows you to appoint an Executor who will oversee the administration of your estate during the probate process following your death

Allows you to make general and specific gifts of estate assets

Provides the only opportunity you will have to nominate a Guardian for your minor children in the event one is ever needed



Without at least a Will in place your estate will be considered an "intestate" estate and will be distributed according to the intestate succession laws of the state in which you reside upon your death.

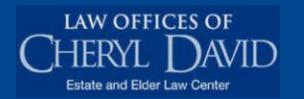




### Very common addition to the average estate plan

A relationship whereby property is held by one party for the benefit of another. Created by a Settlor, who transfers property to a Trustee. The trustee holds that property for the trust's beneficiaries

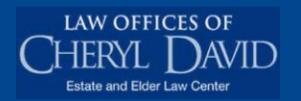
Trusts can be testamentary (activates upon your death) or living (activates while you are alive)



### Living trusts can be revocable or irrevocable

### Can help with numerous estate planning goals, including:

- Asset protection
- o Incapacity planning
- o Medicaid planning
- o Tax and probate avoidance
- o Special needs planning
- o Pet planning



#### POWER OF ATTORNEY

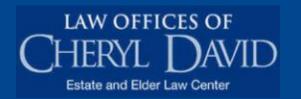


A power of attorney is a legal agreement that allows you (the "Principal") to grant another person (your "Agent") the legal authority to act on your behalf in legal matters or transactions.

## There are several different types of POA, including:

General - a general POA grants almost unlimited authority to the Agent, allowing the Agent to do things such as make withdrawals from the Principal's accounts or enter into contracts in the Principal's name.

Limited – only grants an Agent the authority specifically enumerated in the POA agreement.

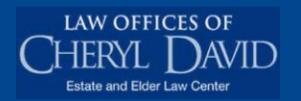


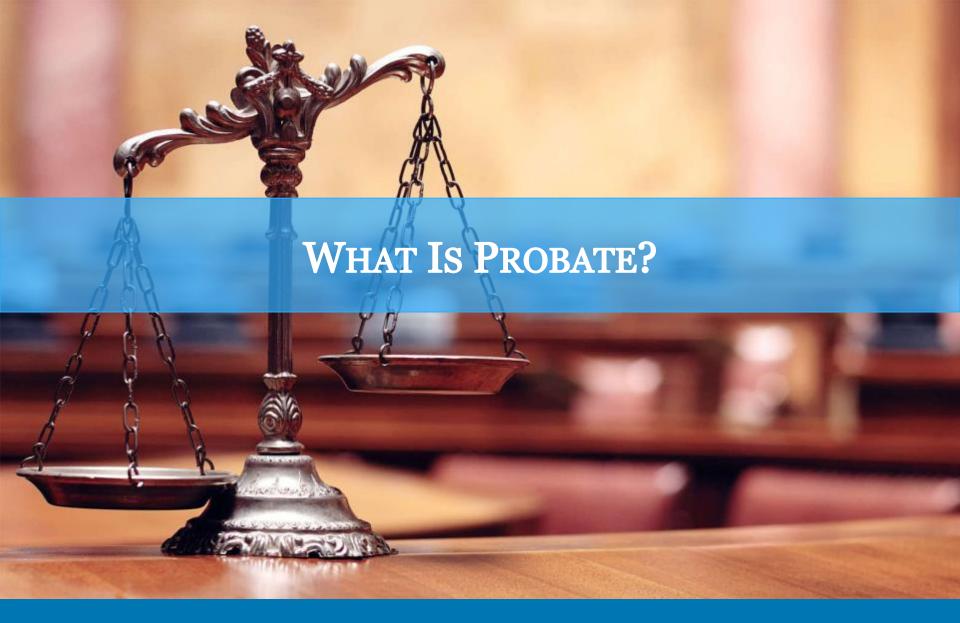
# There are several different types of POA, including:

Durable – traditionally a POA would terminate upon the death or incapacity of the Principal. A durable POA survives the incapacity of the Principal.

Principal.

Springing – a POA that activates upon the occurrence of a specific event



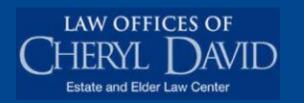


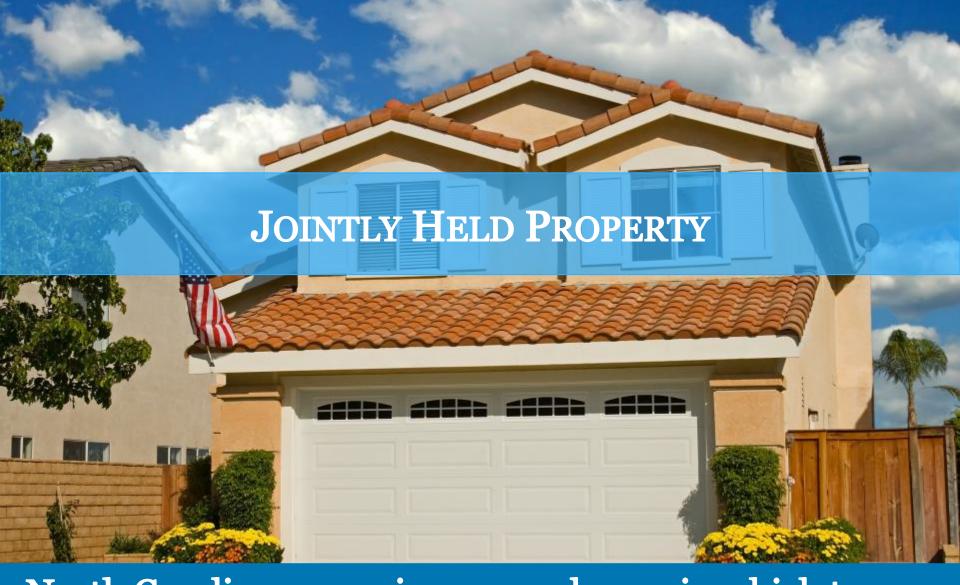
Probate is the legal process that follows the death of an individual.

# Estate assets are identified, located, valued, and eventually transferred during probate.

Most estates must go through formal probate; however, North Carolina offers a small estate alternative for estate valued at less than \$20,000-\$30,000.

Because probate can be costly, both in terms of time and money, people often include probate avoidance techniques in their estate plan.

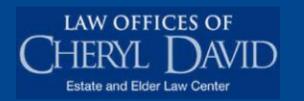




North Carolina recognizes several ways in which two or more people can jointly own property. The right type of jointly owned property will bypass probate.

### Joint tenants with rights of survivorship (JTWROS)

Offers "rights of survivorship," meaning when one owner dies his/her interest is immediately transferred to the remaining owner(s) without going through probate.

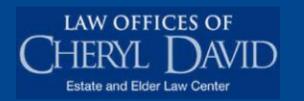


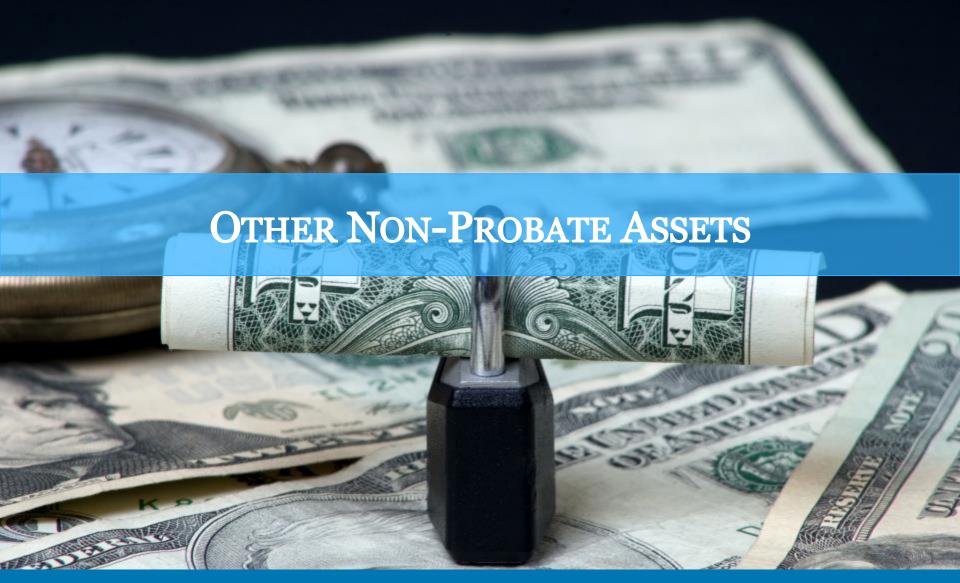
#### **TENANTS IN COMMON**

Ownership of an asset by two or more individuals together, but without the rights of survivorship. Therefore, when one owner dies, his or her interest in the asset must go through probate.

#### TENANTS BY THE ENTIRETY

A type of joint ownership reserved for married couples. Offers rights of survivorship, meaning an interest in the property will bypass probate if the owner dies.





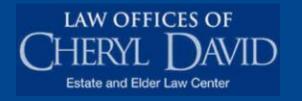
Because avoiding probate is such a common estate planning goal, you should be aware of other common non-probate assets.

#### Assets held in a trust

Proceeds of a life insurance policy

Assets held in an account designated as "Payable on death (POD)" or "Transfer on death (TOD)"

Assets held in certain types of retirement or pension accounts





### ADDITIONAL ESTATE PLANNING COMPONENTS



The distribution of estate assets may be the primary purpose of your estate plan; however, as you mature, and your estate grows, you may decide to include additional components in your estate plan, such as:

### **Incapacity planning**

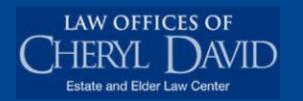
Long-term care and Medicaid planning

Special needs planning

Retirement planning

Business succession planning

Funeral planning





Every adult should have an estate plan in place.

Now that you know some estate planning basics it is time to contact an estate planning attorney in your area and get started on your estate plan!

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