

Estate Planning

(It's not just about the will!)

Why Have an Estate Plan:

1. You get to choose how to protect yourself in case you are incapacitated or otherwise unable to make financial or health care decisions for yourself: otherwise, a court would need to appoint a guardian for you.
2. You get to choose how to protect and/or make gifts to loved ones; otherwise, state law controls who gets your property and in what amounts (e.g., spouse, children, relatives)
3. When you die, it is like moving out of a house...except you are moving off of planet earth...so it's good to be responsible!
 - a. Pick the right Personal Representative to tie up your affairs
 - b. Leave that person an easy to follow paper trail

Typical Estate Planning Documents:

- Will
- Revocable Trusts (with Pour-over Will, often used by people who run a business or want to avoid probate)
- Power of Attorney – Financial
- Health Care Power of Attorney
- Advance Health Care Directive

Estate Planning Documents – Outside of Probate

- Retirement Plans (IRAs, 401(k)s, Pensions)
 - a. Be sure your beneficiary designations are up to date
 - b. Note the tax benefits of using these plans for any charitable bequests since they are subject to income tax by your individual beneficiaries, but not charities.
- Life Insurance
 - a. Be sure your beneficiary designations are up to date
 - b. Note that life insurance death benefits are not subject to income tax
- POD Accounts
- Transfer on Death Deeds for Real estate

Estate Tax Issues

- Minnesota estate tax on estates in excess of \$1.4 million (16%) in 2015
- Federal estate tax on estates in excess of \$5,430,000 in 2015

Income Tax Issues

- Inherited IRAs/401(k)s are subject to income tax when individual beneficiary receives funds
- If you are charitably inclined, you can use these for any charitable gifts at death
- Past several years: if you're over 70 ½, you can make a gift directly from an IRA to a charity; not yet law for 2015

Minnesota Requirements for a Valid Will:

1. Must be 18 years of age or older
2. General rules for a valid will in Minnesota:
 - a. In writing
 - b. Signed by testator
 - c. Signed by at least 2 witnesses

Check out www.celebrationoflife.net for a discussion about non-legal issues:

1. Legacy of Values (letter to loved ones about the values I want to pass on-not a legal document)
2. Legacy of Wisdom (life reflection stories-what made me what I am)
3. Legacy of Generosity (inspiring generosity and motivating action)

The information in these handouts does not constitute legal advice, but is offered as a primer to Mayflower Church members.

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