



The Fundamentals of Estate Planning

CARMEN M. SCOTT, SHAREHOLDER

Take Aways:



What is Estate
Planning



What are the
most important
estate planning
documents



Avoiding
Probate



Why it matters

The Blueprint to Securing Your Legacy

Prepare an Estate Plan

1. Make sure you have a will/trust

While you are at it don't forget your advance directives and general power of attorney!

2. Update, update, update

Regularly update your estate plan every three to five years or after a major life event.

3. Properly title your assets

Such as home and bank account to **avoid probate**.

Preparing a **Meaningful** Estate Planning

Estate planning is the term used to describe the process of organizing and planning for when you become incapacitated and for the transfer of your wealth upon your death.

Essentially estate planning is two-prong:

- ▶ Planning for incapacity: Naming powerholders who can make decisions about your financial and medical state during your lifetime in the event you become incapacitated; and
- ▶ Distribution of assets at death.

Estate Planning Essential Documents

Advanced Directives

- Healthcare Power of Attorney
- Living Will
- DNR (Do Not Resuscitate)

Financial Power of Attorney

Last Will and Testament

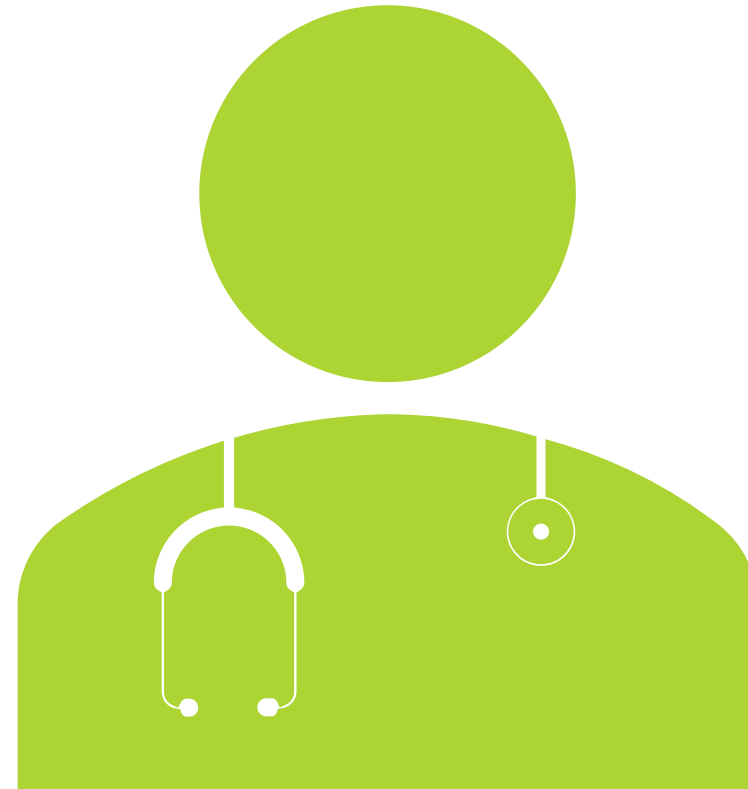
Trust

Transfer on Death Designation Affidavit

What Is An Advanced Directive?

Advanced Directives are legal documents that state the maker's wishes regarding medical treatment made to ensure those wishes are carried out should the maker be unable to communicate them himself/herself.

- ▶ Healthcare Power of Attorney
- ▶ Living Will
- ▶ DNR (Do Not Resuscitate)



Healthcare Power of Attorney

A Healthcare Power of Attorney allows the maker to designate someone as a representative (often called “Agent”), to make medical decisions for him/her/they in the event he/she/they is/are unable to make or communicate them for his/her/themselves.

- ▶ Acute illnesses
- ▶ Does not take power away from the maker. Meaning once the maker can make medical decisions for him/her/themselves he/she/they may do so
- ▶ Is invalid at maker's death

Living Will

A Living Will allows the maker to state his/her wish for end-of –life medical treatment and the type of medical life support measures preferred in the event of a terminal condition (without reasonable hope of recovery).

- ▶ Names of the persons the physician is to contact should he/she/they act under a Living Will
- ▶ Is invalid at maker's death

What is a Financial Power of Attorney?

A Financial/General Power of Attorney is a legal document that allows the person named in it to act in the principal's (the person who created it) behalf as it pertains to certain matters.

- ▶ Does not require the maker to be incapacitated
- ▶ General Powers
- ▶ Special Powers
- ▶ Is invalid at the maker's death

Last Will and Testament



A Last Will and Testament is a legal document that allows the maker (the testator) to name a person who will manage his/her estate (the executor/executrix) and to memorialize his/her wishes as to how their property is to be divided.

A Last Will and Testament also nominates guardians for minor children.

A Last Will and Testament Alone Does NOT Avoid Probate.

Trusts

A Trust is a legal document prepared to hold assets on behalf of certain beneficiaries.

IMPORTANT TO NOTE:

1. There are **many** types of Trusts;
2. A Trust can be revocable or irrevocable; and
3. The type of Trust you need depends on your specific situation.

Revocable & Irrevocable Trust

Involves three parties:

The Grantor (maker of the trust)

The Trustee (manager of the trust)

The Beneficiary (the person(s) to benefit from the trust).

Revocable Living Trust

Maintain
Privacy

Avoids
Probate

Great Tool for
Blended
Families

Great Tool for
Special Needs
Planning

Maximum
Control

- Even after death

Flexibility

- Can be amended

Tax Planning

Irrevocable Trust for Long-Term Care

Maintain
Privacy

Avoid
Probate

Asset
Protection
Planning

Blended
Family
Planning

Special
Needs
Planning

Medicaid
Planning

Tax
Planning

Revocable Trust vs. Irrevocable Trust for Long-term Care

Revocable Trust

- ▶ Grantor can change instructions, remove assets, or terminate the trust during his/her lifetime
- ▶ Grantor can be trustee and beneficiary
- ▶ Avoids Probate
- ▶ Considers tax implications
- ▶ Does not protect assets

Irrevocable Trust

- ▶ Generally, cannot be changed
- ▶ Grantor cannot be trustee or beneficiary
- ▶ Avoids Probate
- ▶ Considers tax implications
- ▶ Protects assets from long-term care/nursing home

Transfer on Death Designation Affidavit

A transfer on death designation affidavit permits the direct transfer of real property to one or more designated beneficiaries upon the death of the owner, thus avoiding probate.

Why Does it Matter?

Avoid Probate

Guardianship &
Estate
Administration

Control

Ensure the right
people are in
place

Cost

Save time &
money



Probate?

What is Probate?

Probate is the legal process through which a deceased person's will is validated and their estate is administered.



AVOID PROBATE BY
ADDING
BENEFICIARIES

Real Estate

Bank/Investment Accounts

Retirement Accounts

Life Insurance

Cars

AVOID PROBATE BY

Utilizing a Trust

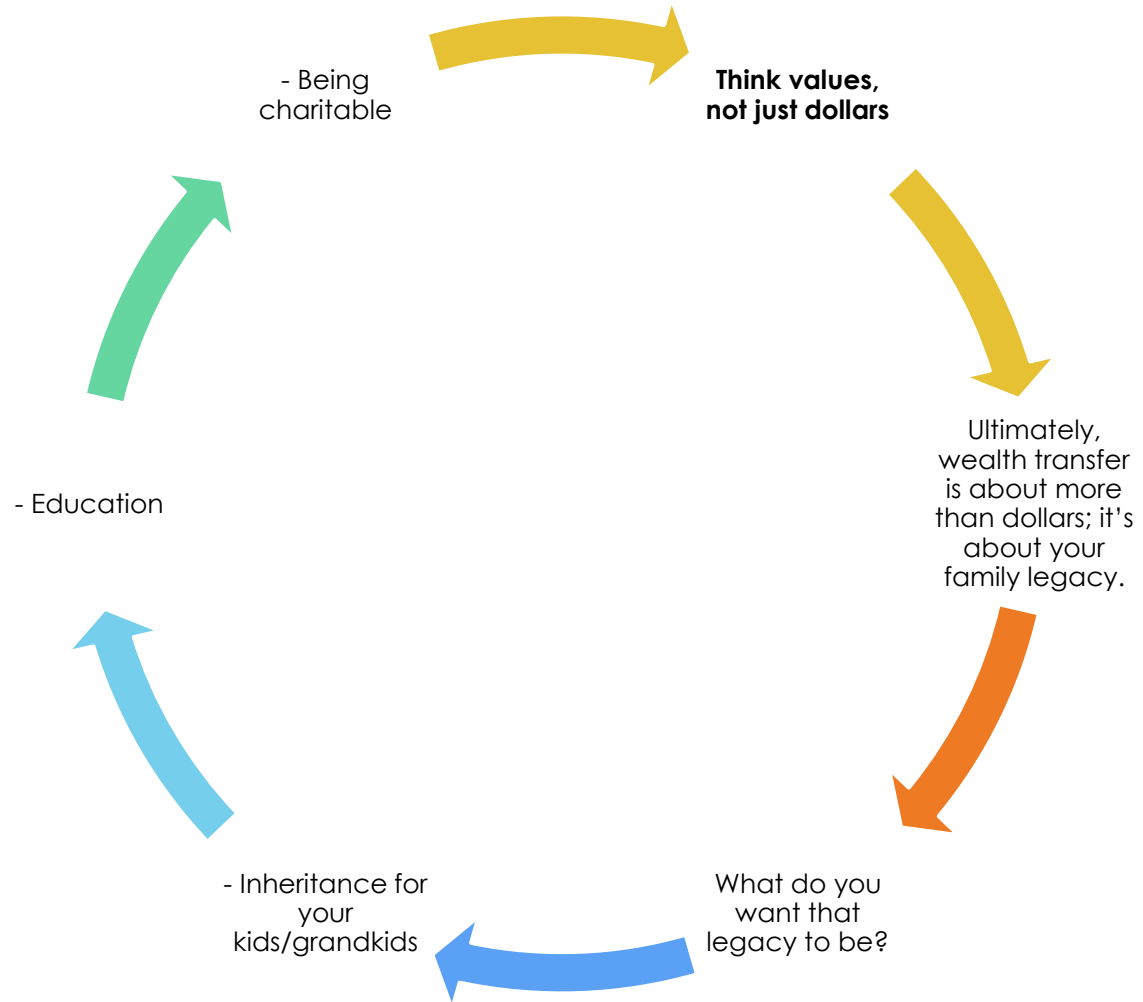
Estate Planning: Dos and Don'ts

Dos:

- ▶ Start Early
- ▶ Review Beneficiaries
- ▶ Plan for Incapacity
- ▶ Consider Tax Implications
- ▶ Hire A TEAM of Professional
- ▶ Fund Your Trust

Don'ts:

- ▶ Don't Procrastinate
- ▶ Don't Overlook Digital Assets
- ▶ Don't Forget to Fund Your Trust
- ▶ Don't Forget to Consider Minor Children
- ▶ Don't Ignore Special Needs
- ▶ Don't Assume a Simple Will is Enough
- ▶ Don't DIY



Your Estate Plan Is Your Legacy

Preserving Your Legacy



Recruit your team of experts!!



Estate Planning is an important piece of the puzzle.



Having the right team is a crucial part that is often overlooked!



Open
Discussion

Contact



Carmen M. Scott, Esq.



Sarringhaus & Scott Co., LPA



5 S. Main St., Ste 310



Oberlin, Ohio 44074



(440) 775-1471



www.sarringhauscottlaw.com