

Ease the transition

By creating an estate plan

A good estate plan can do a lot for you—and for your loved ones. (And that’s true whether you’re wealthy or not.) Here’s why.

An estate plan can help you:

- Decide what happens with your minor children
- Spell out your health care and end-of-life wishes
- Choose who will receive your assets (and when)

Manage estate taxes

Estate taxes are another reason to create an estate plan. The federal government (and in some cases, state governments) can tax the transfer of your estate after you pass away.

But there’s some good news. Unless an estate is valued at more than the IRS limits in the year one passes away, you don’t usually have to file a federal estate tax return. Anything over that, though, is taxed progressively, up to a top bracket of 40% (according to that year’s IRS limits).*

The IRS determines the value of an estate and it gets complicated, so it’s a good idea to work with a CPA or estate attorney.

Ten tips when creating a well-rounded estate plan:

- 1 Create a will.** Without a will, the state (not you) will decide who receives your property.
- 2 Designate a financial power of attorney.** This person will handle your financial affairs if you become unable to make decisions.
- 3 Appoint a medical power of attorney** to make certain health care-related decisions, including life-sustaining measures, if you’re unable to make decisions.
- 4 Include a living will** to state your end-of-life wishes to make decisions easier for your loved ones.
- 5 Review the beneficiaries** on life insurance policies, annuities, IRAs and other accounts to make sure they’re distributed according to your wishes.
- 6 Set up trusts for minor beneficiaries** to guide when and how their inheritance can be spent, and appoint a trustee to carry out those decisions for you after you die.
- 7 Review who you’ve designated as owner** on bank accounts, safe deposit box(es) and titles to land and vehicles.
- 8 Distribute assets while you’re still living.** You (and your spouse, if applicable) can give up to \$17,000 (according to 2023 IRS limits) to as many people as you wish, without either party paying a gift tax.
- 9 Review and update your estate plan** regularly to reflect changes in health or finances, as well as tax law changes.
- 10 Tell your heirs where to find important legal and financial documents.** Put estate planning information in a safe deposit box, and give your executor the key and bank authorization to open it. Once a safe deposit box renter/owner dies, the safe deposit box typically can’t be opened without following certain formalities, based on state law.

*Source: irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax.

Work with an expert

It's usually a good idea to get help from a CPA or estate attorney. That's especially true if you have kids, a business, substantial assets or otherwise complicated finances. An estate attorney can help you navigate federal and state tax laws.

To find an attorney who specializes in estate planning, ask your financial professional, accountant or friends for recommendations.

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We're here to help

Have questions? Give us a call at 800-547-7754. Monday-Friday, 7 a.m. until 9 p.m., CT.



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