



Estate Planning Basics

Name, Designations

“Legacy is not what I did for myself. It's what I'm doing for the next generation.”

~Vitor Belfort





The main purpose of
estate planning

is managing an individual's assets in the event of their death or incapacity.



Reduce or
avoid taxes



Avoid probate
process



Appoint legal
guardian(s)



Ensure family
privacy





Estate Planning Basics

The key to building your legacy starts here.

1. Estate Planning Tools

2. Estate Taxes

3. Life Insurance in Estate Planning

4. Getting Started

5. Estate Plan Review



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Estate Planning Tools

Put it in writing: secure your wishes with a **last will and testament**.



Outlines your wishes for the distribution of your property after you pass away.

- Name the executor and successor executors of your estate
- Designate guardian for minor children or dependents
- *Does not* override designated beneficiaries of policies
- *Does not* abolish the terms of an established trust





Trust funds are *not* just for the wealthy.



A legal arrangement involving the transfer of property to a trustee to manage the estate.

- Help avoid probate
- Provide financial support to loved ones
- Maintain privacy





Trust funds are *not* just for the wealthy.

1. Living trust

- Effective during your lifetime
- May be revised or revoked

2. Testamentary trust

- Provisions included in will
- Not effective until death





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Benefits of Trusts:

- ✓ Professional management and investment of trust property
- ✓ Specific conditions on how and when assets will be distributed to heirs, based on your instructions
- ✓ Provisions that can help minimize gift and estate taxes
- ✓ Distribution of assets to beneficiaries without dealing with the delay, expense and publicity of probate
- ✓ Protection for property against any claims from creditors





Appoint a financial representative through a **durable power of attorney**.



Authorizes one or more individuals to act on your behalf on financial, legal and administrative matters.

- In the event you are incapacitated
- Does *not* govern medical or health care decisions.
- Assigned reps can manage taxes, real estate, bank accounts, loans and bills





To enable loved ones to make medical decisions, **establish a living will.**



Expresses your desires and preferences about medical treatment in the event you are in a terminal medical condition.

- No reasonable prospect of recovery based on a diagnosis by a qualified medical professional
- Binds health care providers to its instructions
- Use in conjunction with a durable power of attorney





Inform your loved ones with a **letter of instruction**.



A non-legal document written by you to provide information about your estate.

- Also known as a “letter of intent”
- Has no **legal** authority
- Provides information about your estate to executor
- Can include personal messages and wishes to beneficiaries





Inform your loved ones with a **letter of instruction**.

Could contain:

- ✓ A complete list of all assets
- ✓ Location of important documents and assets
- ✓ Instruction on the distribution of lesser-valued possessions/sentimental objects
- ✓ List of important contacts (banks, accountants, insurance agents)
- ✓ Personal messages for heirs and beneficiaries
- ✓ Instructions for caring of pets
- ✓ Funeral arrangement instructions
- ✓ User IDs and passwords for accounts



Ensure financial protection with a **life insurance policy**.



Can provide income replacement and protection for your family.

- Death benefit is usually free of income tax
- Permanent products are most common
 - whole life
 - universal life
 - indexed universal life
 - variable universal life
- Joint life insurance for future estate tax liquidity



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The Tax Cuts & Jobs Act of 2017 established a federal lifetime tax exemption amount of **\$11.18 million** per person and **\$22.8 million** per married couple.

Unused exemption on the first death may be carried over to the surviving spouse. This is known as “portability.”





You may own some assets that you may not realize will be considered a part of your estate.

- Personally-owned life insurance policy death benefits
 - Income from the death benefit will be paid tax-free
- IRAs, 401(k)s, and Pension plans
- The value of sizeable gifts made over time



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Meet Thomas

Estimated **\$5,010,580** in estate taxes





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SOLUTION

Gift \$130,865 yearly to a new irrevocable life insurance trust (**ILIT**) for 16 years (when he's 75 years old) using his annual gift exclusion, which is **\$15,000** per beneficiary.

Total cumulative premiums gifted comes out to **\$2,093,833**.





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Protective Advantage ChoiceSM UL Policy

Guaranteed death benefit: **\$5,010,580** to age 100

Male, Age 59, Preferred Non-Tobacco

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Select your estate planning team.

Some options include:



Attorney



Insurance
professional



Financial
advisor



Tax
professional



Trust
officer



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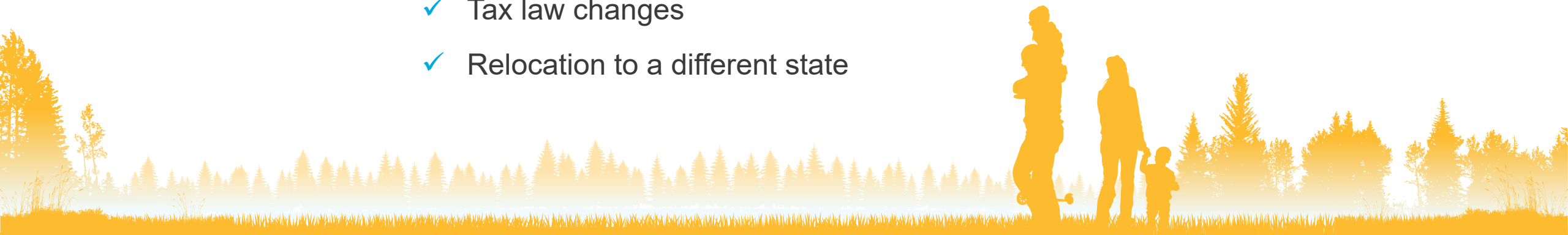


Periodically update your plan in conjunction with life events.

Here are some reasons to make an update to your estate plan:



- ✓ Death of spouse
- ✓ Married or divorced
- ✓ Births or adoptions
- ✓ Changes in asset values
- ✓ Tax law changes
- ✓ Relocation to a different state





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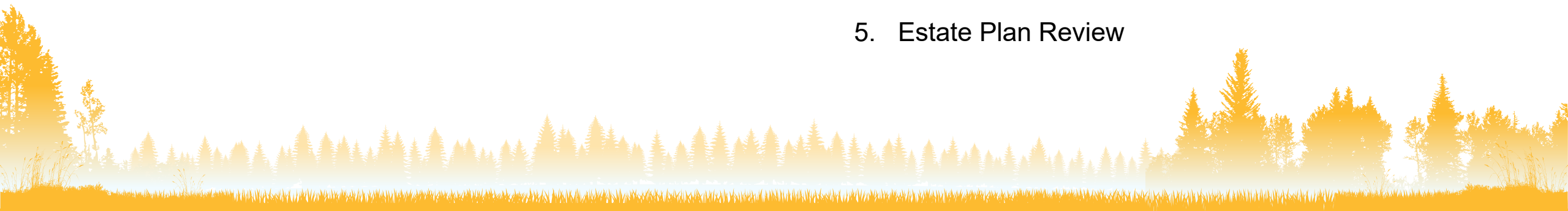
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Thank you.



Important Information

This material contains statements regarding the tax treatment of certain financial assets and transactions. These statements represent only our current understanding of the law in general and are not to be considered legal or tax advice by purchasers. The tax treatment of life insurance and Individual Retirement Accounts (IRAs) are subject to change. Income, estate, gift, and generation skipping tax rules are subject to change at any time. Neither Protective Life nor its representatives offer legal or tax advice. Purchasers should consult with their legal or tax advisor regarding their individual situations before making any tax-related decisions.

Variable universal life insurance involves the risk of investing in stocks, bonds and other securities, including market, interest rate and credit risk and loss of principal. If the investment performance of underlying investments is poorer than expected (or if sufficient premiums are not paid), the policy may lapse or not accumulate sufficient value to fund the intended application. Investments in variable universal life insurance policies are subject to fees and charges from both the insurance company and the managers of underlying investments. Loans and withdrawals may negatively impact policy value, investment performance, death benefit, and any Lapse Protection.

This presentation is intended as general educational information about estate planning. Purchasers should consult their legal advisor regarding their individual situations.

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