

Estate Planning Review
For
John & Joan Smith

The purpose of this Estate Planning Analysis is to review your current estate plan and identify potential areas of need. It is important that you bequeath your assets in the way you see fit. You should have each of the documents listed below in place and updated periodically for your estate plan to be complete. Please note that you should also always consult with a qualified attorney regarding any estate planning issues or techniques. Financial Life Advisors (FLA) and its Advisors are not licensed to practice law nor are they licensed attorneys and do not hold themselves out as such.

- Will (with optional Testamentary Trust(s))
- Living Trust (*optional*)
- Power of Attorney for property/financial decisions
- Power of Attorney for healthcare
- HIPAA Authorization Form
- Directive to physicians

Estate Plan Documents

Last Will & Testament

The purpose of the will is to inform your living beneficiaries how your estate will be disbursed upon your death. It is submitted to the probate court by your Executor/Executrix (or Probate attorney on their behalf). This is your personal property “title” or “deed” so to speak; it is what moves ownership from you to your beneficiaries. You should not execute more than one original and the original should be safeguarded. The location of your will should be known by the Executor/Executrix.

Your named Executor/Executrix is the following person:

John Smith

- Primary: Joan Smith
- : Patrick Smith

Joan Smith

- Primary: Jonathan Smith
- : Patrick Smith

Beneficiaries are the following persons:

John Smith

- Primary: Joan Smith
- Contingent: Testamentary Trust
- Intestate Succession: State Law

Joan Smith

- Primary: Jonathan Smith
- Contingent: Testamentary Trust
- Intestate Succession: State Law

Testamentary Trust:

John Smith

- Beneficiaries: John Smith Jr. & Joan Smith Jr.
- Trustee: Patrick Smith
- Contingent Trustee: Patty Williams
- Trust Term: Age 25

Joan Smith

- Beneficiaries: John Smith Jr. & Joan Smith Jr.
- Trustee: Patrick Smith
- Contingent Trustee: Patty Williams
- Trust Term: Age 25

Living Trust

Living trusts are created and are typically funded while the grantor is still alive. A living trust may be revocable or irrevocable. These types of trusts are used to transfer ownership from the grantor to the trust to avoid the timely and public probate process. A living trust is most appropriate for individuals who have complex financial or personal circumstances, such as substantial assets, a blended family, closely held business interests, and/or property in other states.

Currently No Living Trust

Will/ Trust Recommendations: Your will was executed when your children were minors and you had fewer assets. Now that your children are adults and your brothers and sisters are older, who should be executors and trustees for your estates? When talking with your attorney, you can explore some of the trust structures which can provide asset protection for your surviving spouse, children, or grandchildren. Retaining trust provisions for minor beneficiaries should also be considered in unlikely, but possible, situations or in the event of the premature death of your children. If privacy and incapacity is important, you should also discuss the merits of a living trust as part of your estate plan.

Statutory Durable Power of Attorney (POA)

John Smith

- Agent: Joan Smith
- Alternate Agent: Patrick Smith
- Springing Power? N

John Smith

- Agent: John Smith
- Alternate Agent: Patty Williams
- Springing Power? N

Springing Power Provision- The “springing power” provision makes the document valid only in the event of someone’s incapacity. While this may sound ideal, the springing power adds an extra level of complexity, as it requires having a physician determine incapacity during a time of need.

Statutory Medical Power of Attorney (MPOA)

Agents with Medical Power of Attorney are the following persons:

John Smith

- Agent: Joan Smith
- Alternate Agent: Patrick Smith
- HIPAA Release? N

Joan Smith

- Agent: John Smith
- Alternate: Patty Williams
- HIPAA Release? N

HIPAA Release form- HIPAA forms are often needed now along with the Medical Power of Attorney documents to allow your medical records to be released to the Agent named in the Medical Power of Attorney.

Directive to Physicians

A Directive to Physicians, or Living Will, outlines your wishes if you have an irreversible and terminal situation. Do you want all measures taken to prolong life, or do you want medical intervention withheld except to make you comfortable?

It is important to take into consideration any intent to be an organ donor prior to completing your Directive to Physicians.

Currently, a directive to physicians is NOT in place for both of you.

Power of Attorney Recommendations: You should review your agents and make sure they are still relevant. You should also consider adding more than one alternate in your POAs. Carefully consider whether a springing power should be included. Requiring a physician’s certification of disability makes using a POA much more difficult to activate and enforce. Medical POAs authorize agents, but Federal law under HIPAA can sometimes conflict, so having a specific HIPAA release can add assurance to medical professionals that they can

disclose medical information. Adding Medical Directives will provide clarity as to your wishes when faced with a terminal condition.

Beneficiary Designations (not included in probate)

Account/ Policy Type	Titling/ Owner/ Insured	Carrier/ Custodian	Account/ Policy #	Beneficiary Information
Group Term Life \$420,000	Insured - John	Unum	123456789	Primary - Joan Smith
				Contingent John Jr & Joan Jr 50/50
Whole Life \$100,000	Insured Joan Owner Joan	Transamerica	123456789	Primary – John Smith
				No Contingent
Rollover IRA	Joan	TD Ameritrade	123456789	Primary Joan Smith
				Contingent John Jr & Joan Jr 50/50
401(k)	John	Fidelity	123456789	Primary Joan Smith
				Contingent John Jr & Joan Jr 50/50
Non-Qualified Annuity	John	AUL	123456789	Primary – John Smith
				No Contingent

Beneficiary Recommendations:

- ***Be sure to keep your named beneficiaries to your retirement accounts and life insurance policies up to date. Add contingent beneficiaries in case your primary beneficiary predeceases you or any other heirs. To avoid probate on any bank accounts and brokerage accounts, be sure to have a “Pay on Death” and/or “Transfer on Death” form in place for each account or retitle them to the Trust. These account designations need to be consistent with your overall estate plan, and if you are married and the assets are community property, be sure to consult with your estate planning attorney prior to using these designations beyond a cash/checking/savings account(s) representing more than 5-10% of your estate. And finally, retirement accounts require special consideration when using a trust structure to administer them, so ensure a qualified attorney drafts any trust designated as beneficiary of retirement/IRA accounts.***

Estate Taxes

The federal estate tax is essentially a tax on a person's right to transfer assets at death. With the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA), beginning in 2018 through 2025, the federal estate tax exemption is set at \$11,210,000 per person (\$11,400,000 in 2019) - which means that estates below this amount will be exempt from federal estate taxes. In 2026, the exemption amount is scheduled to revert to the 2017 amount of \$5,490,000 plus adjustments for inflation. Currently, the State of Texas does not have an estate tax.

Your taxable estate is essentially the market value of your assets at death (including the death benefit proceeds of life insurance owned by you and paid out upon your death) less certain allowable expenses and deductions such as a mortgage, funeral expenses, and estate administration costs.

Your net worth is estimated to be approximately \$2.9 million. Based on current state and federal laws, we do not anticipate you will have an estate tax.