Estate planning

Safeguarding your wealth, preserving your legacy

Estate planning attempts to eliminate uncertainties and maximize the value of an estate.

Your financial life encompasses much more than your current investments in the financial markets. It includes your goals for the future and how you want to live right now. If your goals include safeguarding your current and future wealth and preserving your legacy for years to come, then crafting a comprehensive estate plan is essential.

What is estate planning?

- Estate planning is the process of anticipating and arranging for the handling of a person's affairs, including transfer of assets, in the event of a person's death or incapacity.
- Estate planning typically attempts to eliminate uncertainties and maximize the value of an estate by reducing taxes and other expenses.
- Part of the process may involve designating guardians for minor children and naming beneficiaries for life insurance and retirement assets.

Overview of estate planning

- A will is arguably the most basic part of an estate plan, which should also include a financial power of attorney, a healthcare directive (also known as a medical power of attorney) and potentially a trust.
- As part of writing a will, the will's creator identifies an executor or personal representative of the estate who will be charged with managing the estate and wrapping up the decedent's affairs, which includes identifying and resolving all debts and filing tax returns.

Important benefits

- Making sure your affairs are in order–A good estate plan can give you confidence that your affairs are in order and your loved ones will be protected and provided for.
- Control of your healthcare–A properly drafted estate plan will allow you to designate someone you trust to manage your medical affairs and follow your specific written instructions should you become incapacitated.
- Protection of assets–An estate plan can protect inherited assets from lawsuits, divorce, creditors and other claims against your family members.
- Minimize probate hassles–A proper estate plan may involve minimizing the impact that a court-supervised probate process can have on the disposition of assets to your beneficiaries.

- Minimize or avoid estate taxes for your beneficiaries–A well-drafted estate plan can help you minimize estate taxes, income taxes and capital gains taxes.
- Protecting your children's inheritance–What happens if, after your death, your spouse gets remarried to someone who already has children? By planning properly, you can protect your children's inheritance while still providing for your spouse after your death.
- Provide guidance to beneficiaries–Family members with limited financial experience can make unwise decisions when given an inheritance. Using trusts as part of an estate plan can help ensure that money is spent wisely on things like education, purchasing a home, getting a safe car and making sound investments.
- Protecting special needs beneficiaries–A good estate plan can preserve a special needs beneficiary's inheritance without jeopardizing government assistance.

Factors and risks to consider when creating an estate plan

- The status of your will. Is it current?
- What your assets are worth and how they are titled.
- The tax consequences of distributing your assets.
- Identifying your executor.
- Identifying your trustees.
- The distribution of your assets, whether to family or charity.
- Your comfort level with the person(s) authorized to act on your behalf.
- The type of end-of-life care that is acceptable to you.
- Identifying whom your family should contact if you fall ill.
- Your relationship with your advisors.
- The beneficiaries of your retirement accounts, annuities and insurance policies. Are they current?
- The date your retirement accounts, annuities and insurance policies were last updated.
- Providing information to your beneficiaries about what benefits they are entitled to and how to claim them.
- If you will have sufficient assets readily available to settle your debts/pay taxes.

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2019-132059