

# **The Basics of Estate Planning**

Protect your family's future with smart estate planning

- An Overview of Estate Planning
- Easy Estate Planning Tools
- Living Trusts
- · Last Will and Testament
- Living Will and Healthcare Power of Attorney
- Power of Attorney



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#### Introduction

#### Why Estate Planning is So Important

All good estate plans cover key life decisions such as what happens to your property, who cares for your children, and who manages your finances and health care choices when you are unable to do so yourself. Without the right legal documents, these important decisions are left in the hands of others.

The good news is that creating a proper estate plan is not as difficult—or expensive—as it sounds. With a little help, you can create all the necessary documents without an attorney and on your own schedule. It just takes some careful thought. The important thing is to plan early to protect the people you love against life's uncertainties.

# **Estate Planning Documents**

#### **Living Trust (Individual, Joint, AB)**

Spare your loved ones the time, cost and hassle of probate court by placing your property in a living trust. A complimentary pour-over last will and testament is included.

#### **Last Will and Testament**

Decide what happens to your assets, who will serve as guardian to your children and who will carry out your last wishes.

#### **Living Will (Includes a Healthcare Power of Attorney)**

Make sensitive and private health care decisions in advance and protect your loved ones from having to make these difficult, personal choices for you.

#### **Power of Attorney for Finances**

Appoint a trusted person to manage your finances in the event you are unable to do so yourself.

# **Living Trust**

#### What is a Living Trust?

Much like a last will, a living trust is designed to control who receives your assets after you die—but with one important difference. The property you place in a trust is not subject to the delays and expense of probate court. Instead, it passes directly to your designated beneficiaries.



Living trusts also offer the added benefit of privacy. Because you are not required to file or register your living trust with the courts, the details of your estate remain off the public record. Setting up a living trust may also help reduce your estate taxes so more of your property goes to your beneficiaries. Finally, with a living trust, you have the option to assign a trusted person to manage your property should you become incapacitated.

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#### **Key Benefits of a LegalZoom Living Trust**

- ✓ Transfers assets to beneficiaries without going through probate
- ✓ Saves your beneficiaries time and expense
- ✓ Details of your estate remain private
- ✓ May help you reduce estate taxes
- ✓ Can be modified or revoked at any time during your lifetime
- ✓ Immediately transfers management of your property should you become physically or mentally incapacitated
- ✓ Includes a complimentary pour-over last will, allowing you to name guardians for any minor children and specify interment wishes
- ✓ Specific instructions for signing and finalizing your legal documents
- ✓ Contains advanced provisions to better protect your property

#### **Anatomy of a Living Trust**

A living trust is a legal entity that allows you to gather all of your significant property (bank accounts, stock certificates, real estate, etc.) so they can be distributed quickly and easily. Think of it as a legal "container" for all of your most valuable assets. Because it is a legal entity, the trust—and not you—legally owns your property once it is transferred into the trust. But as the trust's "grantor," you also designate yourself as the trust's initial "trustee," which means you retain complete control over the assets placed in the trust. You can move property in or out of your trust, change your beneficiaries, or sell assets as you see fit.

A living trust begins with the creation of a document known as a Declaration of Trust. This is the legal document that names your beneficiaries, describes the property in the trust, and specifies the terms of its transfer. A living trust is managed by the initial trustee(s)—in most cases, this is the person or persons who formed the living trust. The trustee's main responsibility is managing the property in the trust. When the trustee either dies or becomes incapacitated,

You can move property in or out of your trust, change your beneficiaries, or sell assets as you see fit.

control of the trust automatically passes to the person named as the successor trustee, whose job it is to carry out the provisions of the trust, including distributing assets to beneficiaries.



#### **How a Living Trust Can Help Avoid Probate**

Probate is the legal process the courts use to implement your last will. Probate takes anywhere from 3 months to 2 years to complete. This means your beneficiaries cannot immediately access their inheritance. What's more, your beneficiaries will be required to pay costly court administration fees. In some cases, they may even have to hire and pay an attorney.

When you place your assets in a living trust, the trust assumes legal ownership of your property. As a trustee, you maintain complete control of your assets, but you no longer "own" them—at least on paper. This means that when you die, control of your assets simply passes to your designated successor trustee who then distributes them to your named beneficiaries. By doing this, your assets bypass the delays and expense of probate court.

#### A Word About Pour-Over Last Wills

A LegalZoom Living Trust package includes what's known as a "pour-over" last will to cover any assets that have not been placed in your living trust and are not otherwise given away. You can also use this last will to name guardians for any minor children and specify certain last wishes such as interment or funeral details. While your pour-over last will may need to go through probate, it's generally a much simpler (and less expensive) process because all of your significant property will have already been distributed through your living trust.

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#### What's included in a LegalZoom Living Trust?

- A personalized Living Trust
- · A deluxe estate-planning organizer and archival quality paper
- · A complimentary "pour-over" last will and testament
- · Transfer letters to place assets into your trust
- · Sub-trust provisions for minor children

#### Last Will and Testament

#### What is a Last Will and Testament?

Like a living trust, a last will and testament allows you to decide who receives your property and who manages your estate. A last will also allows you to name guardians for any minor children.

If you're like most people, a last will may be one of the most important legal documents you ever sign. Without one, the courts—and not you—may decide who receives your property and who cares for your



minor children. Dying without a last will could also cause painful family conflict, cost thousands in court administration fees and further delay the distribution of your property. That's why many good estate plans begin with either a last will or a living trust with a built-in "pour-over" last will.

Creating a last will with LegalZoom is fast, easy and affordable. In most cases, you can complete your personalized last will and testament in just minutes. Our document specialists will carefully review your order for spelling, consistency and completeness and ship your personalized last will typically within 2 business days.\*

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#### **Gifting Property to Beneficiaries**

Typical last wills designate two types of gifts: specific gifts and general gifts. Specific gifts distribute a particular object to someone. For example, a specific gift might read: "I leave to my daughter, Cynthia, my engagement ring." You may also choose to forgive a specific debt that someone owes you.

By contrast, general gifts are made in the form of a percentage and are handed out after all of the specific gifts have been made. The people who receive these general gifts are known as "principal beneficiaries" because they usually receive the bulk of your estate after the smaller gifts and valuables have been distributed. Often the principal beneficiary is the spouse or closest relative of the person making the last will. Every last will must name at least one principal beneficiary.

#### Key Benefits of a LegalZoom Last Will and Testament

- ✓ Fast, easy and affordable
- ✓ Appoint a guardian for minor children
- ✓ Indicate interment and other last wishes
- ✓ Tailored to the requirements of your state

<sup>\*</sup>Included with Comprehensive packages. Basic packages take 4 business days. Optional same-day service is available for an additional fee.



# Living Will and Healthcare Power of Attorney

#### What is a Living Will?

A living will, also known as an "advance directive," allows you to make important health care decisions, such as whether or not to decline life support, *in advance*. Stating your wishes ahead of time reduces the potential for family conflict and spares your loved ones these often difficult end-of-life choices.

A LegalZoom Living Will is personalized to your specific needs and wishes and also includes options for organ donation.

Stating your wishes ahead of time reduces the potential for family conflict and spares your loved ones of often difficult end-of-life choices.

#### Why Get a Living Will?

Life support systems can keep an individual's body alive for years, even if the brain is no longer functioning or the person is in constant pain. As competent adults, we have the right to make advance decisions as to whether or not we would like to decline life support when it is clear that death is imminent or a state of coma or vegetation becomes permanent.

#### **Healthcare Power of Attorney**

The healthcare power of attorney provided in the Legalzoom Living Will package allows you to appoint a health care agent (also known as a "surrogate" or "proxy") to make medical decisions on your behalf. Unlike the provisions of a standard living will, a healthcare power of attorney allows an agent to make decisions for you whenever you are unable to do so yourself—not just in the cases of terminal illness or an irreversible coma. It also serves as legal "back-up" if a hospital will not fully honor the wishes stated in your living will. With a LegalZoom Living Will package, you can choose to combine a living will with a healthcare power of attorney at no additional charge.

#### Key Benefits of a LegalZoom Living Will

- ✓ Allows you to make critical health care decisions in advance
- ✓ Includes a complimentary healthcare power of attorney
- ✓ Designed to comply with the requirements of your state



For added peace of mind, LegalZoom also offers a living will/advance health care directive wallet card. In the event you are incapacitated, this sturdy wallet-sized alert card will notify physicians and others of your important health care decisions.



# **Power of Attorney for Finances**

#### What is a Power of Attorney?

A power of attorney allows you to appoint someone to make financial and other non-medical decisions on your behalf. You can choose for this appointment to take effect immediately—for example, if you're leaving the country and need someone to pay bills while you're away. Or, if your state's law allows, you can choose to have it go into effect only if you become incapacitated.

#### LegalZoom offers three financial power of attorney options:

#### **Durable Power of Attorney**

Immediately grants power of attorney and remains in effect even if you become mentally incapacitated.

#### **Springing Durable Power of Attorney**

A type of durable power of attorney that only goes into effect if a doctor certifies you are incapacitated. This allows you to keep control over your financial affairs unless you become incapacitated.

#### **Non-Durable Power of Attorney**

Immediately grants someone the power of attorney until it is revoked or you become incapacitated.

#### What a Power of Attorney Can Do for You

You can give your agent, known as the "attorney-in-fact," as many or as few powers as you wish. For example, you might authorize your agent to do any or all of the following on your behalf:

- Pay for support and care
- Borrow money
- Conduct banking transactions
- Deal with property
- Handle legal claims
- Gain entry to safety deposit boxes
- Deal with insurance and retirement benefits
- Exercise stock holder rights
- Contract for services
- Make gifts
- Collect Social Security benefits
- Perform unspecified, non-medical tasks
- Manage digital assets



#### **Key Benefits of a LegalZoom Power of Attorney**

- ✓ Allows you to grant specific powers of attorney to whomever you want, whenever you want, or only under specific conditions
- ✓ Tailored to the requirements of your state

### Questions?

#### Call us at (800) 962-7490

Having a proper estate plan doesn't have to be complicated or costly. LegalZoom can help you create the legal documents you need from the comfort of your home or office.

To get started, visit **www.legalzoom.com** or call us. Our customer care team is available to help you Monday–Friday 6 a.m.–7 p.m. PT.

