



Estate Planning

Making Things Easier for Those You Love



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EXPECT EXCELLENCE[®]

Estate plans are important for everyone

Estate plans provide for:

- Distribution and management of assets
- Healthcare and guardianship Decisions
- Expense and tax strategies
- Planning for the future provides you with greater control and peace of mind

Today we'll discuss:

- Essentials of estate planning
- What do all those words mean?
- What is a trust?

It's not all about estate taxes!!!

- If I'm out of it, who will **call the shots**?
- Doesn't everything go to my **spouse**?
- What happens to my **assets** when I die?
- Who will take care of **my kids**?

If I'm out of it, who will call the shots?

Power of Attorney (POA) gives someone you **trust** the ability to act for you

- Financial POAs
 - Need to be **durable** or “**springing**” to be effective if you are incapacitated
 - Expire at death
- Medical POAs/Health Care Directives
 - Enable someone to make medical or end of life decisions for you
 - Allows you to give instructions or **state your wishes**

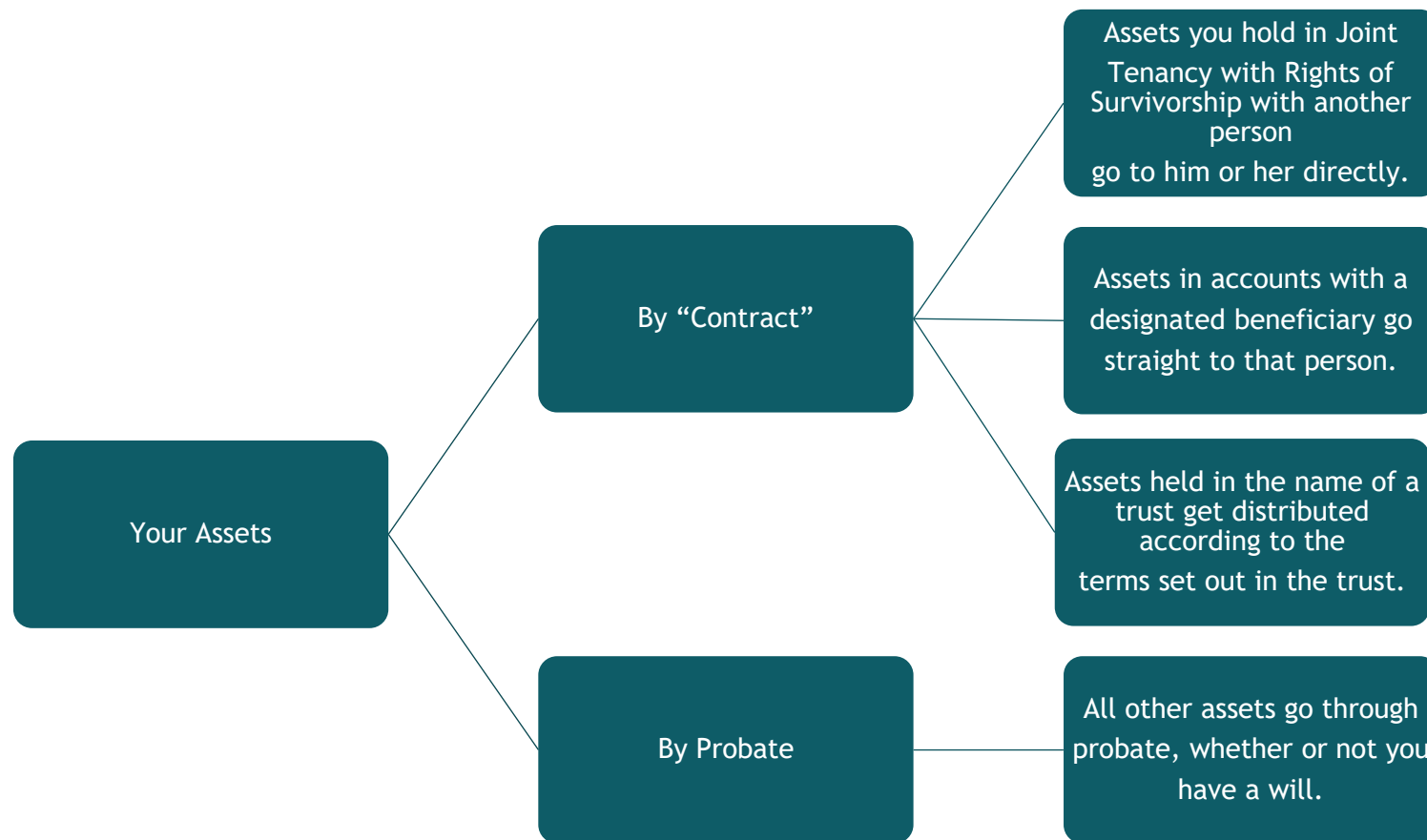
I'm married. Doesn't everything go to my spouse?

North Carolina is a “Common Law State”

- Property belongs to the name on the title
- Surviving spouse has right to claim an amount determined by state statute (commonly 15%-50% of the other's estate)
- NCGS determines this “elective share” amount based on the length of the marriage
- Intestacy (lack of a valid Will at death) creates an entirely different distribution plan, which benefits children and spouse or parents and spouse, if the parents survive

Community Property is a different property ownership regime used in seven states.

What Happens to my Assets When I Die?



What is probate?

Probate **freezes** assets, **costs** money, takes **time**, and is a **public** process

Legal process used to validate your will and to settle your estate

- Title clearing process

Some of the executor's responsibilities include:

- Assemble and value the estate
- File inventory with the Court
- Pay debts, expenses and taxes
- File annual and final Accounts with the Court
- Distribute assets to heirs

Ingredients for a smoother process

Properly title assets

- Brokerage and bank accounts
- Deeded property
- Registered vehicles
- Use Trusts

Name designated beneficiaries

- Brokerage accounts
- Retirement accounts
- Bank accounts
- Insurance policies
- Annuities

Who will take care of my kids?

If you have young children, you **need a will** to name a guardian through your Will

Wills are also used to:

- Name an executor to settle your estate
 - Provide direction on paying debts and taxes
 - Reiterate decisions you've made around asset titling, designated beneficiaries, and trusts
- Each state has specific requirements, so make sure a local estate planning attorney prepares (or at minimum reviews) your will

What is a Trust?

- A trust is a **fiduciary** arrangement that allows a third party (the **trustee**) to hold assets on behalf of another person (the **beneficiary**).
- Trusts can be arranged in any legal manner and can specify exactly how and when the assets pass to the beneficiary.
- Assets in a trust may also be able to pass outside of probate, saving time and court fees during estate administration.

Benefits of Trusts

Control of your wealth

- You can specify the terms of a trust precisely, controlling when and to whom distributions may be made.

Protection of your legacy

- A properly constructed trust can help protect your estate from your heirs' creditors or from beneficiaries who may not be adept at money management.

Why Not a Trust?

Expenses

- Given the trustee's fiduciary role, trusts often require professional asset management, professional accounting, and legal advice

Taxes

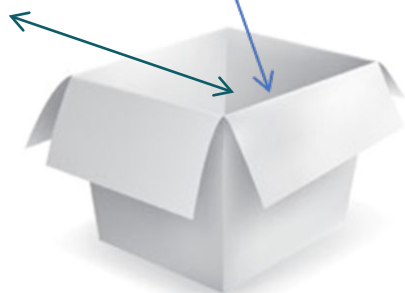
- Compressed rate schedule: You reach the top marginal tax bracket at only \$14,450 of income when the trust is the taxpayer

How does a Trust work?

Revocable Living Trust

During Life

- Put assets into the box and take assets out of the box as desired



At Death

- Box gets closed with whatever is still left inside
- Rules are set for disbursement to beneficiaries



Benefits of a Revocable Trusts versus a Will

Key advantages of a trust

- **Avoids probate** (in most states)
- Controls how and when assets get distributed
- Manages trust assets during incapacity
- Don't forget to **re-title assets** into the name of the trust!

Questions?

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