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## **By Kira S. Vincze, Attorney at Law**

Quality, Service and Caring

Estate Planning and Trust Administration

### What is Estate Planning?

Estate planning is more than just writing a Will that tells the Court how you want your assets to be distributed at your death. It is:

1. Planning for the well being of your spouse, your children, and possibly your parents;
2. Planning for who will take care of your minor children;
3. Planning for who will manage the assets you have worked hard to save and grow and the protection of those assets after you are gone;
4. Planning to take advantage of available tax benefits at your death that could be wasted without proper planning;
5. Planning to reduce the size of your estate if it will be taxed at your death;
6. Planning for your retirement accounts to be passed on in the most advantageous way to beneficiaries;
7. Planning for the proper transfer of jointly owned property.

There are many aspects to planning your estate. The hardest part is getting started. Your professional advisors can readily assist you with the planning; they have the map and directions, you need only provide them with your information and, after being advised with respect to your various options, decide on the appropriate plan for you.

You may consider writing a Will which tells your loved ones how you want your assets to be distributed upon your death and who should be in charge of administering the distribution of those assets. A Will has to go through a time consuming and costly court proceeding called a probate in order for your assets to be distributed, but your estate will be distributed in the manner you direct. The cost of a probate is based upon the Gross Value of the estate; for example, if you own a home that is valued at \$1,000,000 upon your death, and you have a \$700,000 mortgage on the home, the Gross Value of your estate for purposes of determining the Administrator's and Attorney's fees (which are statutory), is the \$1,000,000 value. The fees for each of the Administrator and the Attorney would be approximately \$23,000, along with the Court filing fees, publication fees and bond if necessary. To probate the \$1,000,000 home would cost approximately \$50,000 in

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Administrator fees, Attorney fees and costs. The time frame to complete the probate could be anywhere from 8 months to 18 months.

You may consider establishing a living trust which actually owns your assets during your lifetime. You can be the Trustee of your Trust during your lifetime and control all of your assets. If, during your life you are incapacitated, rather than a Conservatorship being required (a Court proceeding where a Conservator is appointed to manage your affairs), the Trust directs a Trustee of your choosing to manage your affairs and the trust on your behalf. Upon your death, the trust is distributed as you previously provided. The cost of a trust administration is substantially lower than the cost of a probate (unless there are unique circumstances present) and usually much less time consuming. The Trustee has immediate

These are two very basic aspects of estate planning that you should discuss with your estate planning attorney and accountant. There are many more basic and advanced planning techniques available to address your specific planning needs.