

# Estate Planning

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# Tax Consequences

- ▶ Does your estate exceed \$11.4M individually? *If not, federal tax consequences are not a factor in estate planning.*
- ▶ Tennessee no longer has an inheritance tax.

# Essential Estate Planning Facts

- ▶ It is not just for the wealthy.
- ▶ Without a plan, TN law controls.
- ▶ Without a plan, it's more difficult for your children.
- ▶ Proper plans can protect your children from their own misjudgments and bad habits.
- ▶ It is essential for second marriage families.
- ▶ It allows you to give generously to charity.

# Tennessee Intestacy Succession

If you die with:	Asset direction:
Children, no spouse	Children inherit all
Spouse, no descendants	Spouse inherits all
Spouse and descendants	Spouse and descendants equally with spouse 1/3
Parents, no spouse, no descendants	Parents inherit all
Siblings, no spouse, no descendants, no parents	Siblings inherit all

# Assets Unaffected by Intestacy

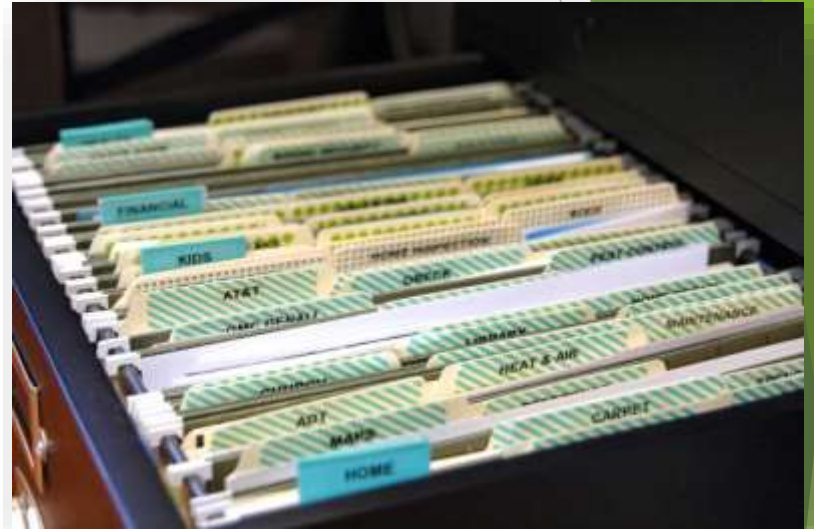
- ▶ Life insurance proceeds with designation
- ▶ Funds in IRA or 401K with designation
- ▶ Bank accounts or brokerage accounts payable-on-death
- ▶ Property owned by joint tenancy or tenancy by entirety
- ▶ Assets in living trust

# Estate Planning Basics

## Terminology

### ► Documents

- Will - at death
- Living will
- Powers of attorney - *financial & health*
- Revocable living trust



# Since I Need a Will...

- ▶ What do I need to consider?
  - ▶ Assets to be included
  - ▶ Who gets what and when
  - ▶ Executor and backup executor
  - ▶ Children's guardian(s)
- ▶ Where do I go?
- ▶ When do I begin, and when do I update?

# Will vs Revocable Trust

- ▶ Trust benefits:
  - ▶ Privacy at death
  - ▶ Simpler management by trustee
- ▶ Revocable trusts provide no tax benefit
- ▶ Do not be afraid of probate in TN





# Beneficiaries

- ▶ Beneficiary designations supersede the will
- ▶ Primary and contingent
- ▶ Correct and up-to-date information



# Minors

- ▶ Name guardian(s) in will or state will determine custody
- ▶ Guardians over person and over property
- ▶ Discuss with guardian beforehand



# What Is the Bare Minimum?

- ▶ A will, even if all assets to one individual
- ▶ Beneficiary designations
- ▶ Healthcare POA/living will



# List of Assets

- ▶ Make sure your spouse/heirs knows of and can find your assets
  - ▶ Account list
  - ▶ Document location list
  - ▶ Digital asset inventory



# Who Should You Name as Executor?

- ▶ Communicate
- ▶ Lead
- ▶ Be proactive
- ▶ Responsible
- ▶ COMMUNICATE

# Gift vs Inheriting

- ▶ Gifting during life -  
step into owner's  
basis
- ▶ Inheriting at death -  
step up in basis
- ▶ Life estates

