

Estate Planning 101



Keeping families close

Sponsored by:
Atlanta Ronald McDonald House Charities

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Common Questions:

▶ *Why and When do I need an Estate Plan?*

▶ *Single Adults or Married Couple without Children*

- ▶ *All Adults Need a Medical Directive and Financial Power of Attorney*
- ▶ *Bond, Inventories and Returns can be waived*
- ▶ *Avoid Disputes over Executorship*
- ▶ *Direct the Distribution of your Assets*

▶ *Married with Children*

- ▶ *Avoid Intestacy Laws where States determines your Heirs - Children receive equal shares!!!!*
 - ▶ *Spouse must receive at least 1/3*
- ▶ *Minor Conservatorships*

▶ *What about Do It Yourself Wills?*

- ▶ *Proper Execution*
- ▶ *Storage and Updates*
- ▶ *Beneficiary Designations and Asset Coordination!!!!*
- ▶ *Minimal Price Difference*
- ▶ *Local Attorney Relationship*

Core Estate Planning Documents

- ▶ ***Financial Power of Attorney***

- ▶ *2017 Georgia Power of Attorney Update*

- ▶ *Standardized Form*

- ▶ *Shift more Responsibility to Banks*

- ▶ ***Advance Directive for Healthcare***

- ▶ *Georgia Advance Directive for Health Care - 2008*

- ▶ *HIPAA (Health Insurance Portability and Accountability Act)*

- ▶ ***Last Will and Testament (“the Will”)***

- ▶ ***Revocable Trust (aka “Living Trust”)***

Components of a Will?

- ▶ ***Outright or In Trust***
 - ▶ ***Outright***
 - ▶ ***Specific Bequest***
 - ▶ ***Testamentary Trust?***
 - ▶ ***Marital Trust for Spouse***
 - ▶ ***Children's Trust***
 - ▶ ***Simple - Distribution Ages***
 - ▶ ***Dynasty***
 - ▶ ***Special Needs + Care Management***

Components of a Will?

▶ *Three Wisemen*

- ▶ *Guardian*

- ▶ *Executor*

- ▶ *Trustee*

 - ▶ *Corporate*

 - ▶ *Individual*

 - ▶ *Investment Manager*

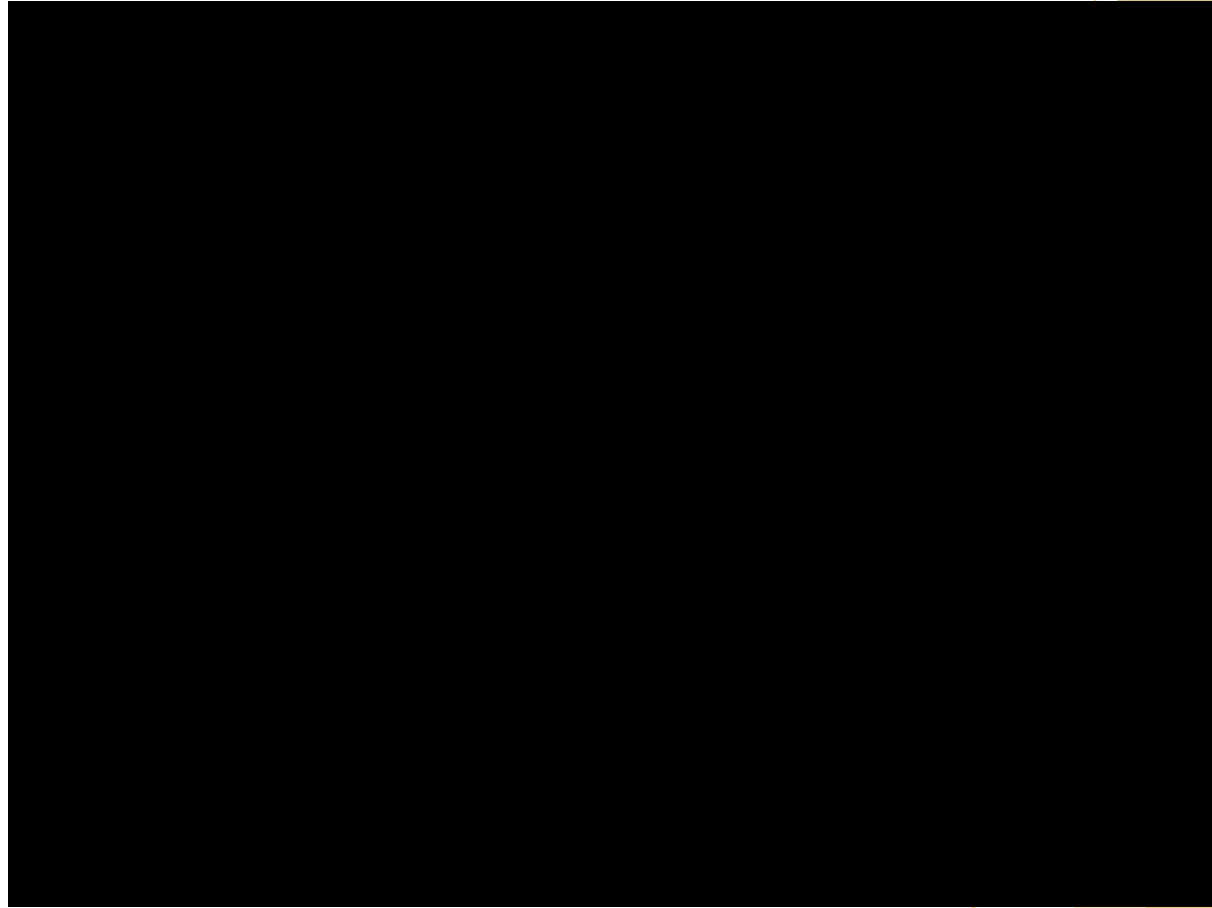
Components of a Will?

▶ *Charitable Bequest*

- ▶ *Include Public Charity's Tax ID; full name and address*
- ▶ *Specify Local vs. National Chapter*
- ▶ *Specific purpose/program or unrestricted*
- ▶ *Individual Retirement Account - Non Profit Beneficiary*

Charitable Bequest

Meet the DeMotts:



Georgia Probate Process

- ▶ *Process can be streamlined and very easy to manage*
- ▶ *Low Filing Fees*
- ▶ *Bond, Inventories and Returns can be waived*
- ▶ *Georgia allows other States to administer Oaths for Personal Representatives*
- ▶ *Georgia permits broad powers to be delegated by Will*
- ▶ *Fiduciary Access to Digital Assets for all Personal Reps*
- ▶ *Timing can vary County to County*

Revocable Living Trust

▶ *Probate Avoidance*

- ▶ *Assets that are titled in the name of the Living Trust are not included in the person's "Probate Estate"*
- ▶ *No creditor protection*

▶ *Incapacity Planning*

- ▶ *Alternative to a Power of Attorney*
- ▶ *Elderly parents with incapacity concerns*

▶ *Privacy*

- ▶ *Estranged Family Members*
- ▶ *Other Privacy Needs*

Federal Estate Tax - “The Unified Credit”

- ▶ *The Unified Credit connects the Estate Tax Exemption to Lifetime Gifting and the Generation Skipping Tax (“GST”)*
- ▶ *Tax Cuts and Job Act of 2017 - Increased Individual Federal Estate Tax Exemption to \$11.18M with inflation adjustment, maintained portability*
- ▶ *With Inflation Adjustment, the 2021 Federal Estate Tax Exemption is now \$11.7M*
- ▶ *Annual Gift Exclusion as of 2021 - \$15,000*
- ▶ *Current law sunsets December 31, 2025 & is currently under consideration for early termination by Congress and President Biden*

Historical Increase of the Exemption

- ▶ **1997 - \$600,000**
- ▶ **2002 - \$1,000,000**
- ▶ **2009 - \$3,500,000**
- ▶ **2010 - \$5,000,000 or \$0**
- ▶ **2011- \$5,000,000**
- ▶ **2018 - \$11,180,00**
- ▶ **2026 - \$5,000,000 (adjusted for inflation)**

State Level Estate Tax

- ▶ *Estate Tax is similar to Income Tax where Federal and State level taxation apply*
- ▶ *Georgia currently has no State Level Estate Tax*
- ▶ *Thirteen (13) States impose State Level Estate Tax:*
 - ▶ *Connecticut*
 - ▶ *Washington DC*
 - ▶ *Hawaii*
 - ▶ *Illinois*
 - ▶ *Maine*
 - ▶ *Maryland*
 - ▶ *New York*
 - ▶ *Minnesota*
 - ▶ *New York*
 - ▶ *Oregon*
 - ▶ *Rhode Island*
 - ▶ *Vermont*
 - ▶ *Massachusetts - \$1,000,000*

Things to Watch - 2021 - 2022

- ▶ *Proposed Tax Law Changes - Will they pass and can these tax law changes be retroactive?*
- ▶ *Elimination of the Step-Up for inherited assets?*
- ▶ *Taxing Unrealized Gains at Death?*

QUESTIONS?

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