

Four Essential Estate Planning Tools To Make Your Estate A Secure Fortress

When most people think of estate planning, they usually think of wills and trusts. Too many believe that because they employed the services of an attorney and a tax person (CPA, EA, accountant), their affairs are in order. And they believe that they have the proper tools in place and their estate is secure.

Nothing could be farther from the truth. Very few people know the essentials that are necessary for a good solid, secure estate plan, Unfortunately that often includes financial advisors. Even fewer have properly implemented and funded the essentials we know you must have to build a secure estate plan.

The following are four essential estate-planning tools that help make your estate plan solid and secure:

Will (simple): Without a will, the government decides who gets your assets upon your death. And the government decides who gets custody of your minor children.

Marital Trust: In general, a marital trust will save on estate expenses by maximizing estate tax exemptions; and avoid costly probate (up to 4-10% of the entire estate). A marital trust protects certain assets from the government as a set off for long term care expenses.

Irrevocable Life Insurance (ILIT): Life insurance proceeds pass to the beneficiaries **free of income tax** and free of estate tax.

Durable Power of Attorney (DPA): When used with “springing” provisions, such as incapacitation, a DPA allows someone to handle legal and financial affairs on behalf of the incapacitated person. When used in healthcare (sometimes called a “health care surrogate”), it gives the “attorney in fact” the ability to make end-of-life decisions, such as removing life support.

If your estate plan does not include the above, please call us! [866-977-2252](tel:866-977-2252)

In addition, here are more very important *tools* to consider that can be invaluable when developing a solid secure estate plan. (click on any of them for more info):

Family Limited Partnership (FLP): Family Limited Partnerships help to protect assets and because of the potential federal gift and estate tax benefits, can lower the tax burden when transferring assets to family members.

Permanent Life Insurance (PLI), if constructed and funded correctly, is a valuable estate planning tool. There are some important benefits proper life insurance can provide. It can provide for a family in the case of an early death by an income-producing parent(s). It can be a very powerful high yield savings mechanism with the assets **growing tax free** and **withdrawn tax free**, especially when used with “equity harvesting.” Clients with estate tax concerns may use life insurance to pay estate taxes. Since the 2006 Pension Protection Act, many carriers provide **tax-free access to 50% of the death benefit for long-term care needs**.

Life Settlements (LS) may be appropriate for you, if you, or your parents, are nearing 65 and have a life insurance policy, that you no longer need because; 1) the beneficiary might have pre-deceased you; or 2) you no longer wish to pay the premiums; or 3) your policy is not owned by an ILIT or other appropriate structure.

Long-Term Care Insurance (LTCI), *and its equivalent* is one of the most overlooked forms of insurance when developing an estate plan. Statistics show that nearly everyone will require some form of long-term care at some point. Neither health insurance, disability insurance, or Medicare cover long-term care, except in very limited circumstances. It is possible to set up LTCI and be able to deduct the premiums and, in some cases, even have the premiums returned to the estate. If you want to leave an inheritance, and not be a burden, this is a wise option for clients to consider.

Charitable Trusts and Annuities make charitable giving a viable option for many who believe charitable giving is out of reach. Charitable planning, done appropriately using the right annuity can: 1) increase your discretionary (“spendable”) income; 2) reduce or eliminate your income taxes; 3) reduce or eliminate your capital gains taxes; 4) reduce or eliminate your estate taxes; 5) secure a tax free inheritance for your heirs; 6) allow you to leave a lasting family legacy; and 7) allow you to leave a social legacy.

These essential tools are the basics to be considered in developing a robust estate plan. There are more options that we can help you utilize, if your situation warrants them.

Why not call for a no-obligation review of your current estate plan and discover how you can increase your estate — and protect it at the same time? [Contact us at \(866\) 977-2252](tel:8669772252)