

Estate Planning Fundamentals

4th Edition

Steven M. Bragg

Table of Contents

Chapter 1 – Your Estate Planning Goals	1
Learning Objectives	1
Introduction.....	1
Issues Impacting Estate Planning	1
Property Ownership Rules	2
Community Property Law Issues	3
Common Property Law Issues	4
Itemizing Your Property.....	4
Liquid Assets	6
Digital Assets.....	6
Other Personal Property	6
Real Estate.....	7
Business Property.....	7
Liabilities.....	7
Net Worth	7
Summary.....	7
Review Questions.....	8
Review Answers	9
Chapter 2 – Beneficiary Issues	11
Learning Objectives	11
Introduction.....	11
Types of Beneficiaries.....	11
The Survivorship Period Clause	12
The No-Contest Clause.....	12
The Simultaneous Death Clause.....	13
Explanations for Beneficiaries	13
Disinheritance	13
Summary.....	13
Review Questions.....	14
Review Answers	15
Chapter 3 – Children Issues	17
Learning Objectives	17
Introduction.....	17
Assigning Responsibility for Raising Your Child.....	17
Property Management Options.....	18
Custodianship.....	18
Child’s Trust.....	18
Family Pot Trust.....	19
Property Guardian	19
Educational Investment Plans.....	20
Children as Life Insurance Beneficiaries.....	20
Children Conceived After Your Death.....	20
Leaving Property to Other Children	21
Summary.....	21
Review Questions.....	22
Review Answers	23
Chapter 4 – Essentials of Wills	25
Learning Objectives	25
Introduction.....	25
The Need for a Will	25
Requirements for a Will.....	25

Table of Contents

Types of Wills	26
Explanatory Documentation	27
Property Not Transferred Through a Will	27
Special Considerations	27
The Success of Challenges to Your Will	27
Summary	27
Review Questions	28
Review Answers	29
Chapter 5 – Probate Issues	31
Learning Objectives	31
Introduction	31
What is Probate?	31
When to Use Probate	31
The Cost of Probate	32
Avoiding Probate	32
Summary	33
Review Questions	34
Review Answers	35
Chapter 6 – Essentials of Living Trusts	37
Learning Objectives	37
Introduction	37
Advantages of a Living Trust	37
When to Use a Living Trust (or Not)	38
How Does a Living Trust Work?	38
Living Trust Decisions	38
Creating the Trust Document	40
Updating the Trust Document	40
Summary	41
Review Questions	42
Review Answers	43
Chapter 7 – Types of Tenancy	45
Learning Objectives	45
Introduction	45
Essentials of Joint Tenancy	45
Joint Tenancy Bank Accounts	46
Joint Tenancy Safe Deposit Boxes	46
Essentials of Tenancy by the Entirety	47
Advantages of Joint Tenancies	47
Disadvantages of Joint Tenancies	47
Tenancy Tax Issues	48
Summary	49
Review Questions	50
Review Answers	51
Chapter 8 – The Pay-on-Death Option	53
Learning Objectives	53
Introduction	53
The Pay-on-Death Option	53
Summary	54
Review Questions	55
Review Answers	56
Chapter 9 – Life Insurance Options	57
Learning Objectives	57
Introduction	57
When to Use Life Insurance	57

Table of Contents

Varieties of Life Insurance	58
Transferring Policy Ownership	59
Summary	60
Review Questions	61
Review Answers	62
Chapter 10 – Retirement Plans	63
Learning Objectives	63
Introduction.....	63
Social Security Benefits	63
Individual Retirement Accounts	63
Roth IRA.....	64
IRA and Roth IRA Comparison.....	64
Rollover IRA	64
Savings Incentive Match Plan for Employees (SIMPLE)	65
Simplified Employee Pension (SEP) IRA.....	65
Rollover Options	65
Required Minimum Distributions.....	66
Qualified Charitable Distributions	68
Defined Contribution Plan	68
Summary	69
Review Questions.....	70
Review Answers	71
Chapter 11 – Estate Taxes.....	73
Learning Objectives	73
Introduction.....	73
Estate Tax Exemptions	73
Estate Valuation.....	74
Paying the Estate Tax.....	74
Related State Taxes	74
Summary	75
Review Questions	76
Review Answers	77
Chapter 12 – Gift Taxes	79
Learning Objectives	79
Introduction.....	79
The Gift Tax.....	79
Who Pays Gift Tax.....	79
The Gift Tax Exclusion.....	80
The Annual Exclusion	80
The Lifetime Exclusion.....	81
The Value of a Gift.....	81
The Present Interest Concept	82
Gift Tax Minimization Strategies.....	82
Gift Splitting	82
Gift in Trust – General.....	83
Gift in Trust – Crummey Trust.....	83
Gifts to Minors	83
Gifts that Appreciate in Value.....	84
IRS Form 709	84
Summary	85
Review Questions.....	86
Review Answers	87
Chapter 13 – Trust Concepts	89
Learning Objectives	89
Introduction.....	89

Table of Contents

Continuing Trusts.....	89
AB Disclaimer Trusts	90
QTIP Trusts.....	91
Charitable Trusts	92
Generation-Skipping Trusts.....	94
Irrevocable Life Insurance Trust.....	95
Spendthrift Trust.....	95
The Power of Appointment.....	95
Summary.....	96
Review Questions.....	97
Review Answers	98
Chapter 14 – Disclaimer Options	99
Learning Objectives	99
Introduction.....	99
Disclaimer Rules.....	99
Summary.....	100
Review Questions.....	101
Review Answers	102
Chapter 15 – Estate Planning for a Business.....	103
Learning Objectives	103
Introduction.....	103
Planning for Management of the Business	103
Estate Tax Reduction Tactics.....	104
Probate Avoidance	104
Family Partnerships	104
Summary.....	105
Review Questions.....	106
Review Answers	107
Chapter 16 – Planning for Personal Incapacity.....	109
Learning Objectives	109
Introduction.....	109
Planning for Personal Incapacity.....	109
Health Care Directives	109
Your Health Care Agent.....	110
Summary.....	111
Review Questions.....	112
Review Answers	113
Chapter 17 – Actions to Take Following a Death	115
Learning Objectives	115
Introduction.....	115
When the Decedent Had a Will	115
When the Decedent Had a Living Trust.....	115
When the Decedent Had an Ongoing Trust.....	116
Multiple Trustee Situations.....	116
Tax Return Obligations	116
Reports to Beneficiaries.....	116
Obtaining Joint Tenancy Title.....	117
Collecting on Life Insurance Policies	117
Review Questions.....	118
Review Answers	119
Glossary.....	121
Index	123