SENSIBA SAN FILIPPO

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

guideCAST™ FOCUS SERIES

Seven Steps to Building a Successful Estate & Trust Plan

Seven Steps to Building a Successful Estate Plan

Building an estate plan for you and your family is never an easy subject to think about. It's important, however, to know the steps necessary to create a legally binding plan that protects your hard-earned assets and ensures that your intentions are carried out per your wishes.

You've spent much time and effort building your estate, it's certainly worth protecting after you're gone. Here, Sensiba San Filippo's Estate & Trust Group presents the seven essential steps to create an estate plan that will leave your legacy behind exactly as you've envisioned.

STEP 1

Assess your situation

Compile a list of your assets and estimate the fair market value of your total net worth.

Determine the existing title to all assets, including whether any of your assets have a **Right of Survivorship** or **Designated Beneficiary.** Common assets that would carry a Right of Survivorship or Designated Beneficiary include:

- Bank accounts
- Stock brokerage accounts
- Insurance policies
- Retirement accounts (401k, IRA, SEP, Keogh, etc.)
- Real estate

☐ Completed

STEP 2

Determine intent and estate planning tools to use

Your Sensiba San Filippo (SSF) Estate & Trust team will review and assess how title to all assets is currently being held.

- **Intent –** Determine how you would like your assets to be distributed and determine whether current title achieves the desired results.
- **Tools –** Based upon your discussion of Intent, your SSF Estate & Trust team will review the various options for your estate plan. Examples of common planning vehicles, in various iterations, include:
  - Trusts
  - Specific Beneficiary Designations

Having an estate plan that includes the proper use of such vehicles will protect your assets from falling into probate upon your death and/or the death of your spouse. This is critical, as it prevents your estate from being subjected to public record and to the legal and court fees associated with probate court.

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STEP 3

Have your documents legally drafted

Once your assets have been accounted for and your distribution intent has been established, your attorney can draft your estate's legal documents. After a review of the documents, you, your SSF Estate & Trust team member and your attorney will meet to determine how your assets should be re-titled to ensure your intentions are properly carried out.

Upon your approval, your attorney will then draft the appropriate documents and deliver them to your SSF Estate & Trust team for final review. Your SSF Estate & Trust team will then work with you and your attorney to ensure that each asset (trust, foundation, etc.) is properly funded according to your estate plan.

☐ Completed

STEP 4

Minimize your potential estate taxes

Now that the legal documents are in place as the backbone of your estate plan (i.e. keeping the estate out of probate and ensuring that estate assets will be distributed as you intend), the estate tax effect on the current value of your estate can be determined. Using your original intent as the umbrella, you and your SSF Estate & Trust team will decide which estate planning techniques will be utilized to reduce the size of your taxable estate. Common techniques utilized may include the following:

- Gifting
- Limited Liability Companies
- Private Foundations
- Charitable Remainder Trusts
- Qualified Personal Residence Trusts
- Irrevocable Life Insurance Trusts
- Intentionally Defective Grantor Trusts

Once you and your SSF Estate & Trust team have decided which techniques are appropriate to your situation, your estate attorney may again be necessary to draft the legal documents to memorialize and put these techniques in place.

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STEP 5

Milestone review

Your only responsibility at this point is to stay in communication with your SSF Estate & Trust team as you add or remove assets from your estate, or on a scheduled basis (such as an annual review, which may be in conjunction with your annual tax planning meeting). The most common activities that affect your estate plan include:

- Marriage
- Divorce
- An addition to the family
- Death of a beneficiary
- Significant inheritance
- Sale of a business or major asset

The most important thing to remember is that if you experience significant life or financial milestones, it is critical that you contact your SSF Estate & Trust team to address these events in your estate plan. Remember, the estate plan should always be viewed as a work-in-progress!

The frequency of your reviews can be determined between you and your SSF Estate & Trust team.

☐ Date ________________

☐ Date ________________

☐ Date ________________

STEP 6

Death of the first spouse

We understand this is never an easy time. Your Sensiba San Filippo Estate & Trust team will meet with the surviving spouse and children (if appropriate and at the discretion of the surviving spouse) and coordinate activities with your attorney to ensure successful administration of the decedent's estate.

While estate taxes are not typically a concern at this time, a key aspect of the administration of the estate is your SSF Estate & Trust team's analysis and strategic funding of the decedent's trusts in order to minimize estate taxes upon the passing of the surviving spouse. This process will be undertaken with the surviving spouse to ensure that the future distribution of assets continues as intended and estate taxes are minimized.

Appropriate tax returns for the estate and any related trusts will be filed at this time.

Together, we will continue to conduct periodic Milestone Reviews (Step 5) with the surviving spouse.

STEP 7

Death of the second spouse

Upon the death of the surviving spouse, all assets must now be distributed according to the estate plan and trust documents, if any. Trust and/or estate administration (including filing of appropriate tax returns) will continue until all assets are distributed and final expenses are paid.

There are some instances where your assets have more longevity, depending on how your estate plan was drafted. Vehicles that may continue to survive the estate include:

- Private Foundations
- Generation-Skipping Trusts
- Testamentary Trusts

Annual filings may also be required for these entities.

If you'd like more information on planning your estate, please contact our Estate and Trust specialty practice group at estate@ssfllp.com.

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