



ESTATE PLANNING

We will each leave behind a legacy. What will yours be? Canarick & Canarick believes that the future is created now. Today's plan for the safety and security of your family can help create the life and financial picture you dream of. Our commitment to assisting our clients design their reality includes professional Estate Planning services. Your vision. Your legacy. Because tomorrow is for those who create it.

Understanding Distributions of Assets and Estate Taxes

Estate planning is the only way to ensure what your legacy will be. Through thoughtful estate planning, you can ensure that your assets will be transferred to your chosen beneficiaries while minimizing costly tax consequences. Successful estate planning can also help assure that family members know how you would like your financial and medical affairs to be handled if you become incapable of making your own decisions.

Estate planning is for everyone, not just the very wealthy. Regardless of the monetary value of your financial assets, it's likely you have a home or possessions that have significant value to you and to those you care about. When you include your home, investments, retirement savings and life insurance policies you own, you may be surprised at the value of your estate. And if your assets are valued higher than applicable exemptions, estate planning can

benefit your heirs by minimizing the taxable portion of your estate from federal and state estate taxes. There are a number of estate tax planning methods you can use to minimize federal and state taxes on your estate.

Why You Need to Consider a Will

A will is a legal document designating the transfer of your property and assets upon your passing. Although creating a will is not a difficult process, about half of all Americans die without one. Without a will, or "intestate," the court intervenes and distributes your property according to the laws of your state, which may or may not coincide with your wishes. If you have no apparent heirs, it's even possible the state will claim your estate. Remember, wills are not just for the rich; your will ensures that your assets will go to family members or other beneficiaries you designate.

Elements of a Will

Basic elements of a will include:

- Naming beneficiaries
- Establishment of trusts, if desired
- Alternate beneficiaries, in the event a beneficiary predeceases you
- Specific gifts, such as an auto, residence, or family heirlooms
- Name of an executor to manage the estate
- Name of a guardian for any minor children

Establishment of Trusts Many estate plans call for the establishment of trusts under a Will. The purposes of creating trusts include, but are not limited to:

- Protecting your assets in case your surviving spouse re-marries
- Protecting children from a previous marriage from being disinherited by your surviving spouse
- Giving children control of their inheritance at an age that you deem appropriate
- Protecting your children's inheritance from risk in case of a future divorce
- Assuring that your assets pass from generation to generation (i.e. keeping the inheritance in your bloodline)

Naming an Executor The person who carries out or executes the instructions in a will is called an executor. Obviously, your executor should be an individual you trust. Most people choose their spouse, an adult child, a relative, a friend or a trust company or attorney to fulfill this duty. Choose someone who can handle all of the financial matters involved with settling your estate. The responsibilities of an executor generally include:

- Collecting your assets
- Paying creditors
- Paying taxes
- Notifying Social Security and other agencies and companies of the death.
- Canceling credit cards, magazine subscriptions
- Distributing assets according to the will

Naming a Guardian Thoughtful consideration needs to be given to the care of minor children in the case of your passing. A will gives you the opportunity

to select the person that you believe can provide the most loving and best care for them. If you do not name a guardian to care for your children, one will be appointed by a judge. Of course, that person may or may not be someone you would have chosen.

Who Will Manage Your Affairs If You Cannot?

The fact is that the chances you will become incapacitated in a given year are much greater than the chances of your passing. Whether it is the result of a temporary condition or if it happens when an individual is nearing death, everyone faces this possibility during his or her lifetime. Many people assume their spouse or children will automatically be allowed to make financial and/or medical decisions for them, but that is not the case.

Powers of Attorney A power of attorney is a legal document that allows one person, "the principal", to appoint someone else, "the agent", to act on his or her behalf. The powers that can be exercised by the agent can be broad or narrow; the principal stipulates them, in advance. You might, for example, authorize your agent to do a specific thing (e.g., sell your house) or you might give authority to do any legal act you would do yourself. If you become incapacitated and don't have a power of attorney, your family may have to go through a lengthy, public, and expensive guardianship proceeding so someone can act for you.

Health Care Proxy A health care proxy allows you to appoint someone else, a "proxy", to make medical decisions for you. It is activated any time you are unconscious or unable to make or communicate medical decisions.

Living Will A living will comes into effect when a person is terminally ill and death is expected soon. It describes when you want treatment to stop and whether you want to be allowed to die naturally if you have a condition or illness from which you will not recover.

Michael S. Canarick, JD, LLM counsels individuals and businesses in a range of tax and estate planning strategies ranging from the highly complex to the relatively simple. For more information on how we can help you protect your legacy please contact us.

