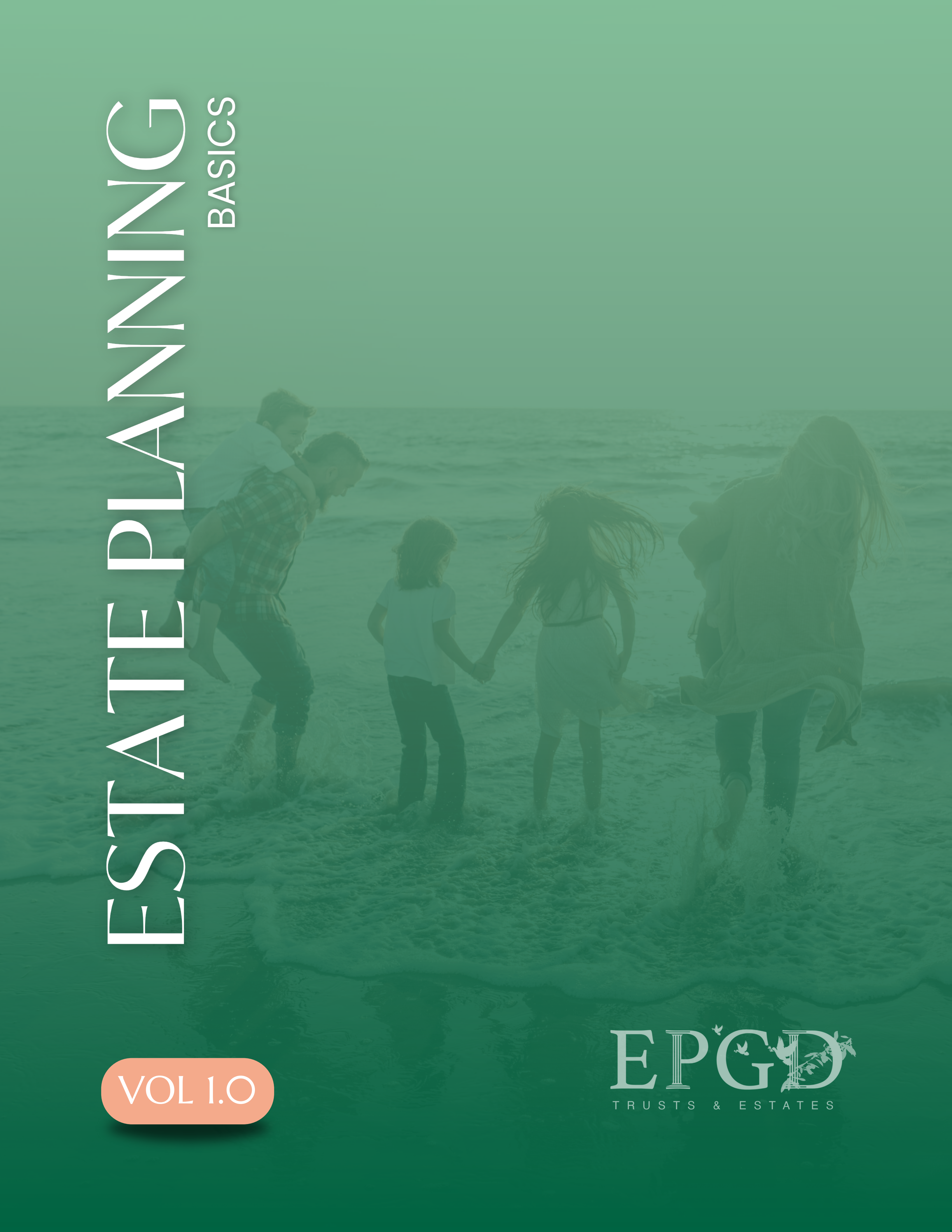

ESTATE PLANNING

BASICS

VOL 1.0

EPGD

TRUSTS & ESTATES

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The Estate Planning Guide
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www.EPGDLaw.com

Estate planning is the process of organizing and managing an individual's assets and financial affairs to ensure a smooth transition of wealth and property after their death or incapacitation. It involves creating a clear, legally-binding plan for who will inherit your property, who will care for your minor children, and how your personal matters should be handled. Without an estate plan, state laws– also known as the laws of intestacy, will dictate how your assets are divided, potentially leading to unintended consequences and family disputes. Furthermore, a plan in place can effectively eliminate the need for probate administration and costly legal fees tacked on to it. Additionally, estate planning involves the creation of legal strategies to protect assets, minimize taxes, and provide for beneficiaries according to your wishes. It's not just for the wealthy; everyone can benefit from having a plan in place to protect their loved ones and their legacy.

BIOGRAPHY

ERIC P. GROS-DUBOIS, ESQ.

Eric Gros-Dubois founded EPGD Business Law in 2013, where he currently serves as the head of the firm's corporate, estate planning, and tax practice, overseeing operations in the Washington D.C. office. With a JD and MBA, and a specialization in finance, Eric is able to step back and view the legal world through a commercial lens while also acting as a trusted business advisor for his clients. He approaches legal challenges with a solutions-oriented mindset, and tries to think like a business owner, not just a lawyer. When asked to identify his thoughts on practicing law, Eric answers without hesitation: “People aren’t hiring us to solve legal problems, they’re hiring us to solve personal problems.” With his hands-on approach, Eric works to build strong client-attorney relationships and finds himself intimately involved in each of his cases even after they’ve been resolved. While a partner at a prominent firm located in Washington, DC, his path led him to Miami where he handled commercial transactions and business litigation. While attending law school, Eric worked at a non-profit organization, a private equity group, and the Federal Tax clinic representing taxpayers before the U.S. Tax Courts, laying the foundation for the future of EPGD Business Law. Committed to making a positive impact on his community, Eric strives to be an exemplary member of society in all facets of his life.

KATHRINE KARIMI, ESQ.

Kathrine Karimi joined the firm in 2019, initially serving as a law clerk while pursuing her law degree at St. Thomas University School of Law in Miami, Florida. Since then, Kathrine has carved a niche for herself in assisting individuals with managing both personal and business assets, along with crafting strategies for transferring leadership roles effectively, while drafting agreements to safeguard her clients' interests from potential liability and legal ramifications. Her practice focuses on guiding startups and small to medium-sized companies through various stages of growth, and understanding that businesses, as well as individuals, need proper arrangements in place to ensure longevity and a smooth transition to future successions. Kathrine also takes a holistic approach to estate planning for individuals and families to protect assets for future generations. She assists her clients with designating how and when assets will be distributed to beneficiaries as well as helping them identify who will make important decisions on their behalf in the event they are no longer able. With a keen eye for detail and a commitment to client protection, Kathrine ensures that her clients receive comprehensive legal guidance tailored to their specific needs. She is dedicated to providing pragmatic solutions that empower her clients to navigate the complexities of estate and business succession planning .

OVERVIEW OF FIRM

EPGD
BUSINESS LAW®

EPGD Attorneys at Law, P.A., d/b/a EPGD Business Law serves businesses, corporations, employers, consumers, and individuals across the world from our headquarters in Miami, Florida.

We stand as an entrepreneur-focused law firm, dedicated to empowering businesses, startups, and visionary individuals with strategic legal guidance and unwavering support. Our team strives to guide, protect, and advocate for businesses and owners across local and global landscapes, and ultimately to achieve Trusted Advisor Status.

We are passionate about entrepreneurs, business owners, and growing businesses. We are dedicated to providing our clients a full-service team of advisors, partners, counselors, and attorneys. We aim to guide, protect, defend, and fight for businesses and business owners. With a collective higher education experience exceeding 100 years, our highly skilled attorneys possess the expertise to address diverse legal needs. Equipped with robust resources and a versatile team of specialists, we stand ready to confront challenges head-on and offer tailored solutions. From a comprehensive back office to a multitude of legal specialties, we provide the depth and breadth of services necessary to empower our clients to thrive in a competitive landscape.

25+
ATTORNEYS

100+
YEARS OF COMBINED EXPERIENCE

4K+
SATISFIED CLIENTS SERVED

WHAT IS ESTATE PLANNING?

Estate Planning is the proactive anticipation and organization of how an individual's estate will be managed and distributed both during their lifetime and after death, with the aim of reducing gift, estate, and income taxes. The process typically involves three key components: wills, trusts, and advance directives.

LAST WILL AND TESTAMENT/POUR-OVER WILL:

A Last Will and Testament is a document that allows you designate how your assets and property should be distributed after your death. For example, you can bequeath your home to your spouse and distribute financial assets to other beneficiaries through your will. A pour-over will, in contrast, is ideal for individuals who have created a revocable living trust and want to ensure that all assets—whether forgotten or newly acquired—end up in the trust after their death. It provides a seamless transition for estate management and is especially beneficial for people with complex or substantial assets and those who wish to preserve their privacy.

REVOCABLE LIVING TRUST:

A trust is a legal arrangement in which an individual transfers control of assets to a trusted person, known as the trustee, who manages them on behalf of the beneficiaries. For instance, you could create a living trust to avoid probate and dictate when beneficiaries receive trust assets over certain milestones. Its purpose is to ultimately allow greater flexibility to control and direct estate planning wishes.

DURABLE POWER OF ATTORNEY:

A Power of Attorney is a legal document that lets you name an agent to handle financial, legal, and medical affairs on your behalf if you become injured, sick, or otherwise incapacitated. This might include paying bills, managing real estate, and making healthcare decisions. It prevents the need for a court-ordered guardianship.

HEALTHCARE POWER OF ATTORNEY:

A Healthcare Power of Attorney ("Healthcare POA") is a legal document that allows you to appoint someone to make medical decisions for you in the event you are unable to due to incapacitation, accident, or illness. Your healthcare agent has authority to make medical decisions on your behalf including kinds of treatment, life-saving measures, and organ donation.

ADVANCED DIRECTIVES:

An advanced directive is a legal document that directs what medical decisions you want made in the case you are unable to make them or express them yourself. Types of advanced directives may include a living will, healthcare POA, and anatomical decisions like DNR orders or organ donation instructions.

WHAT IS PROBATE?

Probate is the legal process through which a deceased person's estate is administered and distributed to their heirs or beneficiaries. It involves validating the decedent's will (if one exists), settling debts, paying taxes, and transferring ownership of assets. The probate process is overseen by a court to ensure that the estate is handled according to the law and the decedent's wishes.

- Summary Administration applies when an estate's assets are less than $75,000 or if the decedent has been deceased for more than two years.
- Formal Administration applies when an estate's assets are greater than $75,000 or for more complex estates.

In Florida, probate is the process where the court will supervise the payment of all the debts of the decedent to his or creditors. Subsequently, the court will administer the distribution of the assets of the estate to the beneficiaries in accordance with the will of the decedent or via intestate succession if there is no will.

Probate is important for the following reasons:

VALIDATION OF WILL:

Probate serves as a legal process that ensures the validation of a will, confirming that it is legally valid and accurately reflects the decedent's final wishes. A judge reviews the will to ensure proper execution.

ASSET DISTRIBUTION:

After an inventory and payment of any outstanding debts, probate facilitates getting the decedent's assets to the proper beneficiaries of the estate.

ASSET PROTECTION:

The requirement to settle outstanding debts and taxes, safeguards assets intended for distribution to heirs. Creditors are given an opportunity to make legal claims within a specified timeframe during the probate process.

COURT SUPERVISION:

Courts oversee the executor's actions to ensure compliance with state laws, including adherence to mandated timelines for notification and accounting. This supervision helps mitigate disputes and promotes transparency in the probate process.

WHAT IS A GUARDIANSHIP?

A guardianship is a legal mechanism employed when an individual becomes unable to make or communicate safe or sound decisions as to his or her person or property. The following scenarios are when a guardianship applies:

When minors inherit:

In the event that both parents pass away without naming a guardian, the court has the authority to appoint someone to oversee the management of assets inherited by children until they reach the age of majority. This responsibility may include managing rental properties or investment accounts on their behalf.

Accident/Injury:

A severe brain injury resulting from a car accident renders an adult incapable of making personal or financial decisions. In such cases, a guardianship enables a spouse, parent, or other authorized party to intervene and manage the individual's affairs through this process.

Disabled child turning 18 years of age:

Parents of a mentally disabled child have the option to establish a guardianship once the child turns 18 and becomes a legal adult. This guardianship allows parents to continue making major life decisions regarding healthcare, finances, and other matters on behalf of their child, who may not have the capacity to do so independently.

Old age/Dementia:

An elderly individual diagnosed with Alzheimer's disease or experiencing difficulty managing affairs due to memory loss or confusion may necessitate a guardianship initiated by family members. This legal arrangement enables designated individuals to handle financial matters, make medical decisions, and address living arrangements, particularly in cases where a power of attorney was not previously established.

DEFINITIONS OF KEY TERMS:

- **Decedent**: A person who is deceased.
- **Heir**: A person who is legally entitled to inherit your property once you have died in accordance with the law.
- **Ward**: The individual that is the subject of guardianship after court adjudication.
- **Beneficiary**: A person or organization named in a legal document to which a gift of an asset is made.

ROLES:

PERSONAL REPRESENTATIVE:	Administrator of the estate of a deceased person.
TRUSTEE:	Responsible party that legally administers and manages trust assets.
GRANTOR/ SETTLOR:	Person who creates a trust, and puts trust assets into their trust, for the benefit of another person.
LEGAL GUARDIAN:	Responsible party legally appointed by a court of law that has custody and decision-making authority over a minor or an adult that has been determined incapacitated.
HEALTHCARE SURROGATE:	Person that you authorized, via designation of healthcare surrogate, to make medical decisions for you, on your behalf, when you are unable to.
AGENT / ATTORNEY-OF-FACT:	Person that you legally authorize, via a general durable power of attorney, to act on your behalf for legal, property, and financial matters.

PROBATE AVOIDANCE STRATEGIES

Probate costs individuals a lot of money, time, and makes the devising process public. For these reasons, a major goal that one should aim to accomplish when organizing their estate planning documents is avoiding probate.

There are several strategies that individuals can use in order to avoid probate. First, assets can be titled jointly with rights of survivorship. In this situation, the deceased's stake in the asset would automatically vest to the surviving individual. Similarly, by titling assets as tenants by the entirety, the survivor will inherit full ownership of an asset upon the death of the decedent.

POD/TOD Designations:
Name payable-on-death (POD) beneficiaries on bank accounts or transfer-on-death (TOD) beneficiaries on investment accounts to automatically transfer those assets upon death.

Designating Beneficiaries:
Ensure life insurance policies, 401(k)s, IRAs and pensions have properly updated beneficiary designations to transfer outside of probate.

Lifetime Gifts:
Transferring assets such as real estate or interests in a family business during one's lifetime bypasses the need for these assets to undergo probate. This strategy can leverage the annual gift tax exclusion amount.

Life Estate Deeds:
Transferring a home or property while retaining the right to live there, avoids full value from going through future probate.

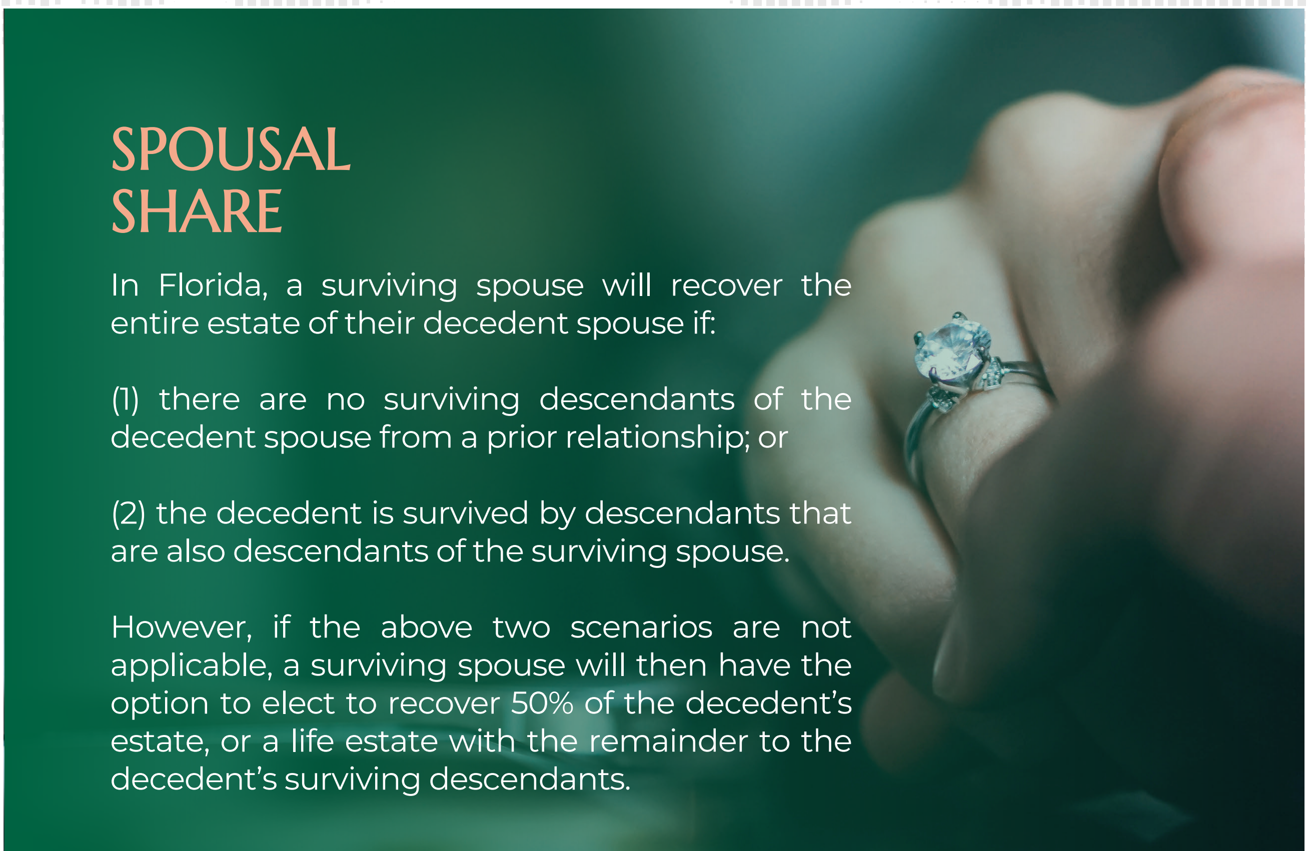
For Business Entities:
Shareholder or operating agreements for corporations, LLCs, or partnerships can include clear succession language for automatic transfer of a deceased partner's shares.

LAWS OF INTESTACY

When an individual passes away without a valid last will and testament, they are considered to have died intestate. In such cases, the distribution of the decedent's assets is determined by the intestacy statute of the relevant state.

Dying intestate could cause a situation where an individual that you want to inherit assets receives nothing, or someone that you do not want to inherit assets receives a significant amount of them. Furthermore, intestate succession means that the individual’s estate will go through probate court, which could mean a long process must take place before anyone inherits anything.

For instance, let's consider Bill's wishes for his estate distribution. Bill desires his son, John, to inherit all his assets upon his demise, while excluding his other son, Jim, due to a past disagreement. With a properly executed will and other essential estate planning documents, Bill can ensure that John receives his entire estate after his passing. However, in the absence of a will or any estate planning documents, Bill would be considered intestate. In such a scenario, under the relevant state's intestacy laws, if John and Jim are Bill's only surviving descendants and Bill's spouse is deceased or divorced, it is likely that John and Jim would each inherit an equal share of the estate, typically 50-50. This example underscores the critical importance of creating and maintaining comprehensive estate planning documents.



SPOUSAL SHARE

In Florida, a surviving spouse will recover the entire estate of their decedent spouse if:

(1) there are no surviving descendants of the decedent spouse from a prior relationship; or

(2) the decedent is survived by descendants that are also descendants of the surviving spouse.

However, if the above two scenarios are not applicable, a surviving spouse will then have the option to elect to recover 50% of the decedent’s estate, or a life estate with the remainder to the decedent’s surviving descendants.

WILL VS. TRUST: WHAT IS THE DIFFERENCE?

The main differences between a Will and a Trust are:

FLEXIBILITY

- Wills provides flexibility in naming guardians and specifying asset distribution upon death.
- Trusts allow for ongoing asset management, avoiding probate, and meeting specific long-term goals.

PLANNING FOR MINORS AND THOSE WITH SPECIAL NEEDS:

- A will specifies how assets will be distributed to minors or individuals with special needs.
- A trust allows you to manage and distribute assets for minors or individuals with special needs while providing ongoing financial oversight and protection.

CONTROL OF ASSETS:

- With a will the testator retains full control over assets during life. The will only dictates distribution of assets after death through the probate process.
- When establishing a trust, the trust creator transfers control of assets to the trustee to manage for beneficiaries. Trust assets avoid probate upon death.

PRIVACY:

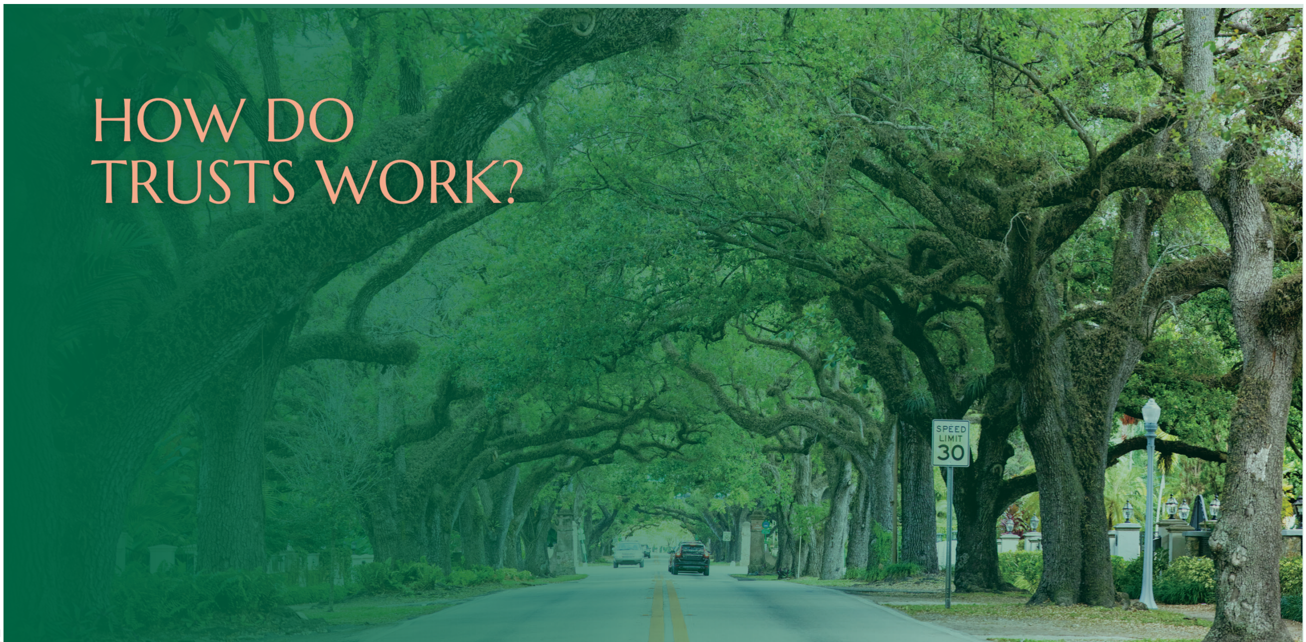
- Wills are public records available to any one after filing with the probate courts.
- Trusts allow distribution wishes and asset store main private.

COURT INVOLVEMENT:

- Wills require assets to pass through probate court after death to validate wills, pay debts and distribute to heirs. This takes time and legal fees.
- Assets in trusts avoid probate and can transfer directly to heirs upon death per the trust's instructions privately and efficiently.

EXAMPLES:

- A person establishing a will would keep full ownership of a home until their death. With a revocable living trust, one could transfer the home to circumvent future probate proceedings. This trust specifies rights to reside in the home and privately outlines asset transfer instructions.



HOW DO TRUSTS WORK?

A trust in estate planning is a legal arrangement where a trustee holds and manages assets on behalf of beneficiaries, according to the terms set by the grantor (the person who creates the trust). Trusts can be used to provide for beneficiaries in a controlled manner, avoid probate, minimize estate taxes, and protect assets from creditors. They can either be revocable, allowing the grantor to make changes during their lifetime, or irrevocable, which cannot be altered once established. Trusts offer a flexible and effective way to ensure that your estate is managed and distributed according to your wishes.

TRUSTS: REVOCABLE VS. IRREVOCABLE

There are two main types of trusts:

1. The first type is a **Revocable Trust.** In a revocable trust, the grantor has the right to amend or revoke the trust during their lifetime. This right stems from the fact that the grantor of a revocable trust retains full ownership, use, and control for their lifetime.

2. The second type of trust is an **Irrevocable Trust**. Unlike with a revocable trust, a grantor of an irrevocable trust transfers rights and ownership to the trust. An irrevocable trust is a good way for an individual to protect their assets from creditors, and to avoids probate similarly to a revocable trust. Lastly, irrevocable trusts are a good way for an individual to obtain tax benefits because it minimizes the estate and gift taxes.

OTHER TYPES OF TRUSTS SPECIAL NEEDS TRUST

A special needs trust is a trust that applies to individuals with children with special needs. After receiving an inheritance, a special needs child may acquire assets that puts them above the threshold to receive government benefits. The purpose of the special needs trust is to make sure that the special needs child continues to receive those government benefits.

LAND TRUST

A land trust is a legal structure in which real estate is conveyed to a trustee to oversee and manage on behalf of beneficiaries. This arrangement maintains the privacy of the assets, streamlines the transfer process to heirs, and provides asset protection measures.

IRREVOCABLE LIFE INSURANCE TRUST

This trust is an irrevocable trust that an individual creates to hold a life insurance policy on their life. This trust is used for tax planning and estate tax savings since it prevents life insurance death benefits from being subject to estate taxes.

Furthermore, this trust can help transfer large life insurance proceeds estate tax-free and provide the cash to pay any applicable estate taxes to the IRS. Beyond its use as a tax saving document, an irrevocable life insurance trust can benefit a spouse or children by holding the policy proceeds in trust after the policy holder’s death. This can limit the outright inheritance and control of funds to a spouse or child, and should be used when an individual has minor children, a second marriage, or knows your beneficiary will be irresponsible with the money.

The downside of this type of trust is that it is irrevocable and has yearly management fees.

TESTAMENTARY TRUSTS:

A testamentary trust is different from a living trust. While a living trust is created during a person's lifetime, a testamentary trust is created within a person's will. Essentially, the testamentary trust does not even exist until the individual dies and its provisions are drafted in accordance with the grantor's desires.

One of the main advantages of having a testamentary trust is that it allows for more control over the distribution of assets to the beneficiaries.

The trust prevents legal action or people that would make erroneous financial decisions from handling your assets.

There are also tax advantages; the biggest being that trusts are not required to pay tax on income that is distributed to beneficiaries.

So, any income distributed to beneficiaries will not require a tax to be paid (but it is important to note that any undistributed income will require a tax to be paid). Having this type of trust also allows you to put a trustee in place that you are sure will follow the instructions laid out in your will. The trustee will also be given the power to distribute income to beneficiaries in the most beneficial way according to each person's marginal tax rate.

ADVANCED DIRECTIVES:

A general **durable power of attorney** is a thorough legal instrument granting an agent authority to act on behalf of an individual in financial and legal matters. Its "durable" nature ensures its validity even if the individual becomes incapacitated after the fact. The document is immediately effective upon signing and remains in force until revoked in writing or the individual's death.

A **health care surrogate** or health care power of attorney is a document where an individual designates someone to be their agent in the event that they are unable to make or communicate decisions about all aspects of their health care. By having a health care power of attorney, an individual can bypass HIPAA restrictions and access medical records. Furthermore, the health care power of attorney can consent for surgery, blood transfusions, and admit or discharge the individual from medical facilities. An important step to take upon completion of the document is that a copy should be filed with the individual’s primary care physician.

A **living will** is a legal document that outlines an individual's preferences and instructions regarding end-of-life care. It addresses crucial questions such as preferences for artificial nutrition and hydration, life-sustaining treatments, medication administration, and organ or tissue donation. This document can be modified or revoked at any time through written amendments.

DESIGNATION OF PRENEED GUARDIAN FOR SELF OR MINOR CHILDREN

A guardian is typically designated for instances when an individual is considered incapacitated, either mentally or physically, during their lifetime. This guardian assumes responsibility when the individual is unable to make decisions for themselves. By appointing a guardian in advance for such circumstances, individuals can preempt potential family disputes and lengthy court hearings to establish guardianship. It's essential to understand that appointing a guardian does not entirely circumvent the guardianship process in probate court, but it can expedite the proceedings.

A guardian is frequently designated for minor children in situations where a parent becomes incapacitated or passes away. Following guardianship proceedings in probate court, the appointed guardian assumes responsibility for the minor children and their assets until the child reaches 18 years of age or in case of the child's demise. Similar to appointing a guardian for oneself, this appointment helps mitigate potential family conflicts and expedites the probate court process.

Instead of relying on the courts to determine guardianship, parents have the option to directly designate the individual they wish to care for their children. This person should be someone the parents trust to raise their children in a manner close to their own values and beliefs.

Often a close relative like an aunt, uncle, grandparent or even family friend can be designated. By making this guardian nomination formally through their will, parents provide legal endorsement of the individual to help the court process, enabling the children to be placed promptly in the best care arrangement the parents envisioned.

Implementing contingent custody plans ensures that young children can navigate the family's tragedy with the support of those around them who strive to maintain a sense of normalcy while also honoring the legacy of the deceased parents.

ENHANCED LIFE ESTATE DEED (LADY BIRD DEED)

A lady bird deed, also known as an enhanced life estate deed, is a relatively new form of deed that—like a traditional life estate deed—allows property to pass automatically to one or more designated recipients at death, without the need for probate. Florida is one of only a handful of states that recognize lady bird deed.

Lady bird deeds are used to avoid probate. Here's how it works:

1

- You sign a deed transferring your real property to a person or group of people (called the remaindermen or remainder beneficiaries) at your death, but retaining the right to sell, use, and otherwise deal with the property during your lifetime.

2

- If you decide to sell, mortgage, or otherwise deal with the property during your lifetime, you are able to do so without the consent of the remaindermen (this is the difference between a life estate deed and a lady bird deed).

3

- Upon your death, your remainder beneficiaries simply file your death certificate with the county's property appraiser. This serves as proof of your death and allows the property to be transferred to the remaindermen without the need for probate.

Note: The issue of whether or not a deed is an enhanced life estate deed is independent from warranties of title being conveyed. In other words, an enhanced life estate deed could be a quitclaim deed, warranty deed, or special warranty deed with special language.

For example, an elderly homeowner who has resided in their home for decades may decide to sign over ownership rights to their adult children using an enhanced life estate deed.

This allows the parent to continue living independently in the home while simplifying the property transfer process when they pass on. The children take over responsibilities like maintenance and property taxes while the parent maintains life occupancy. Upon the parent's death, the children automatically inherit full ownership without probate delays.

ESTATE AND GIFT TAX:

The federal estate tax is a tax on the transfer of the estate of a deceased person. It applies to the total value of the deceased's assets and property at the time of death. The tax rate can vary, and there are exemptions that allow a significant portion of the estate to pass to heirs without being taxed. The specifics of the tax, including exemption thresholds and rates, can change with legislative updates, so it's important to consult current guidelines for precise figures and rules.

ESTATE TAX EXEMPTION:

In 2025, the federal estate and gift tax exemption amount is $13.61 million per person, or $27.22 million per married couple. This means that individuals can leave up to $13.61 million to heirs or give away during their lifetime without incurring federal estate or gift tax, while married couples can shield a total of $27.22 million. This exemption is a critical component of estate planning, allowing significant assets to be transferred to the next generation or to other beneficiaries tax-free .

ANNUAL EXCLUSION:

A key provision in estate tax rules is the ability for an individual to make annual exclusion gifts of up to $18,000 (as of 2025) per year to as many recipients as desired without triggering gift taxes or using up any of the lifetime estate tax exemption amount. This rule enables gradual tax-free gifting of assets during one's life.

HERE ARE SOME SITUATIONS WHEN SOMEONE MAY UTILIZE THE ANNUAL EXCLUSION FOR GIFT TRANSFERS:

Funding Education Costs:
Parents or grandparents can leverage the annual exclusion to contribute to 529 college savings plans for children/grandkids to fund upcoming educational expenses in a tax-advantaged way.

Early Inheritance Transfers:
Individuals seeking to transfer wealth may utilize annual exclusion amounts to gift to heirs gradually, thereby funding endeavors such as real estate down payments, business start-up costs, or other investments over time.

Charitable Goals:
Philanthropically motivated donors can make annual donations up to the exclusion limit to legitimate charities, feeding their passion for causes tax-free each year.

Supporting Family Needs:
Gifts can fund childcare costs, medical expenses, or living expenses for less fortunate family members on an annual tax-free basis.

The lifetime estate and gift tax exemption is the total amount every individual can transfer through gifts or bequests, either during life or at death, without owing federal estate or gift taxes.

Here are some situations when someone may utilize the lifetime estate and gift tax exemption:

EQUALIZING INHERITANCES — A parent may gift a large sum to one child who intends to start a business, while leaving the bulk of her estate to a child who has shown less financial responsibility. Lifetime gifting can help equalize inheritances.

LARGE ONE-TIME GIFT — A parent may wish to pay for their child's entire college education or wedding in one large gift exceeding annual gift exclusion, but this could necessitate tapping into their lifetime exemption.

ESTABLISHING TRUSTS — High net worth individuals can leverage the lifetime exemption when establishing irrevocable trusts designed to avoid estate taxes. Transfers into properly structured trusts remove assets from estates.

SUCCESSION PLANNING FOR BUSINESSES

Succession planning for business owners involves preparing for the future transfer of leadership and ownership to ensure the continuity and success of the business. Here are some effective strategies:

IDENTIFY POTENTIAL SUCCESSORS → Consider both family members and key employees within the organization. Evaluate their skills, leadership potential, and interest in taking over the business.

ESTABLISH A FORMAL TRANSITION PLAN → Outline a clear and detailed plan for the transfer of leadership and ownership. This plan should include timelines, financial arrangements (such as buy-sell agreements), and any conditions to be met by the successor.

SEEK PROFESSIONAL ADVICE → Engage with attorneys, accountants, and financial advisors who specialize in succession planning. They can provide valuable insights on legal, tax, and financial considerations.

COMMUNICATE THE PLAN → Share the succession plan with key stakeholders, including family members, employees, and advisors, to ensure transparency and to set clear expectations.

REVIEW AND UPDATE REGULARLY → Succession planning is not a one-time event. Regularly review and update the plan to reflect changes in the business, family circumstances, and legal or tax environments.

By implementing these strategies, business owners can create a smooth transition that protects the legacy of the business, provides for their family, and supports the continued success of the enterprise.

BENEFICIARY DESIGNATIONS ON FINANCIAL ACCOUNTS:

Beneficiary designations on your financial accounts can provide a quick alternative to traditional estate planning strategies by making sure your accounts are not subject to probate, thus preserving your wealth and preventing unnecessary court expenses and proceedings.

Here are some examples of when beneficiary designations would be used on financial accounts to avoid probate:

RETIREMENT ACCOUNTS: Designating beneficiaries on your IRA, 401(k), or pension ensures these accounts pass directly to those individuals upon your passing.

LIFE INSURANCE POLICIES: Naming beneficiaries on your life insurance policy allows the death benefit payout to go straight to the designated recipients.

TAXABLE INVESTMENT ACCOUNTS: Designate transfer-on-death (TOD) beneficiaries on regular taxable brokerage accounts and investment portfolios to have the assets directly retitled upon your passing.

BANK / CHECKING ACCOUNTS:

Add payable-on-death (POD) beneficiaries to checking/savings accounts to allow seamless transfer without court intervention.

CHARITABLE PLANNING / BEQUESTS / DONOR ADVISED FUNDS CHARITABLE PLANNING:

A Charitable Remainder Trust (CRT) is an irrevocable trust that essentially generates a stream of income for the trust holder or donor to the CRT, with the remainder of the assets going to a favorite charity or charities. Once the CRT is around ten years old, it should be reviewed to ensure it still aligns with your preferences or values since several changes can happen in ten years, both financially and personally. Many misalignments can happen if CRT's are created but never reviewed.

BEQUESTS:

A bequest is a gift made as part of a will or an estate plan. A bequest can gift assets that may include cash, stocks, bonds, jewelry, securities, or other forms of property. This gift can be made to an individual, non-profit/charitable organization, foundation, school, church, or other organization." To make a bequest, you must leave instructions for the bequest either in your will or estate plan. First, decide what you wish to gift and to whom you wish to gift it. Then, include language in your will to make clear your wishes regarding the distribution of your assets. You should then notify your family or estate executor of your wishes so they understand your plan and can help enforce it.

DONOR ADVISED FUNDS:

A donor-advised fund (DAF) is a trust account set up for individuals to deposit assets for charitable donations over time. The trust account is owned by a charitable organization, and individual donors can make contributions to the DAF as often as they'd like. Donors may make an initial contribution ranging anywhere from $0 to $250,000 and can then recommend grants to the fund for charitable organizations whenever they so choose.

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TRUSTS & ESTATES

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