

The Need for Estate Planning

At a person's demise there are certain typical problems which, if not planned for, create a burden on those who are left behind.

Proper estate planning can eliminate or reduce these problems.

Financial Burdens

- Estate settlement costs are too high: These costs consist primarily of probate fees and death taxes.
 - **Probate fees:** These are generally paid to the executor of the estate and the attorney who assists with the probate.
 - **Death taxes:** Estates that exceed certain amounts may be subject to both state and federal death taxes.
- Estate assets are improperly arranged:
 - **Liquidity:** There are not enough liquid (cash type) assets to pay estate settlement costs.
 - **Cash flow:** There is not enough income to care for loved ones left behind; e.g., spouse and minor children.

Transfer of Assets

- Estate assets may be subject to probate delays and expense.
- Assets transferred to minors may be in cumbersome guardianship accounts until they attain age 18 (or 21 in some states) and are then distributed outright to the children.
- Additional death taxes may be paid because there was no pre-death planning.

Care of Minors

- **Guardians:** Parents can nominate a guardian for their minor children in a will.
- **Asset management:** If the wrong persons are chosen to manage the assets left for the minors, the assets may be lost or unnecessarily reduced.