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Estate Planning 101 SPOKANE COUNTY LIBRARY EDUCATION April 2023

True or False: I don't need a Will because I have very little.

False-although it is true that people with great wealth may have more planning to do, everyone should have a Testamentary Document to clearly dispose of their property upon their death and address other matters unique to that person in their plan. By way of example only, and in no way meant to be exhaustive, parents of minors, need guardianship selection language, people who intend to leave assets to persons who are receiving certain benefits from the state need special distribution language, blended family needs may differ from single marriage families, folks who live together in, what is referred to in law as a "committed intimate relationship" have needs very unique to them. and, more importantly, if you have minor children, sets forth your chosen guardian.

True or False: I have a Will, so I have an estate plan.

False-A Will is simply one document in a complete estate plan. A comprehensive estate plan should, at a minimum, contain the following: A Will (or other Testamentary Document), a durable power of attorney for health care, a durable power of attorney for financial matters, and a Health Care Directive (a.k.a. a Living Will). Furthermore, it is important that any documents that direct payment to a third party upon one's death are consistent with the actual Will (or other Testamentary document).

Additional documents which are often used in an estate plan are life insurance trusts, gifting plans and community property agreements.

True or False: I don't need a Will because I have a Living Trust.

False-although it is true that a Living Trust can dispose of your property upon your death, a Living Trust should always be accompanied by a "Pour-Over" Will which "catches" assets that have not been properly placed into the Trust.

True or False: A Living Trust is superior to the Traditional Last Will and Testament.

May be True, May be False-Most residence of Washington State, and in particular Spokane County, have no need for a Revocable Living Trust. The Trust is touted as being able to provide tax saving, creditor protection and a myriad of other benefits. In actuality, a Living Trust is simply a probate avoidance device and any tax planning drafted therein can be (and often is) drafted into a traditional Will. Furthermore, a trust that a person transfers property into, which they can amend or revoke at any time, provides no creditor protection while that person lives and the assets therein, for the most part, are subject to one's creditors that exist as of death.

True or False: I don't need a written plan because my family will follow my wishes.

I'm going to say False, although in my 17 years I have seen it happen a few times. The harmonious family is always the hope, but all it takes is one person not to be in agreement and a lot of financial and emotional energy may be expended only to find out Washington State Law trumps wishes when there is not a written plan.

True or False: I understand that I won't have to pay an estate tax because my estate is less than \$12,0000.00.

False; the current Federal Exemption is set at over \$12,000,000 per person but slated to drop down in 2025. Furthermore, and more importantly, Washington State has an exemption amount of \$2,193,000 which includes ALL assets that the decedent had an ownership interest in at the time of death. So, by way of example only, Retirement plans, Life Insurance, property held in joint tenancy, and assets held in a trust to which a person has a certain degree of power over.

True or False: It is not difficult to set up and maintain an estate plan?

True- Typically once your plan is in place, you need only review it and possibly update it upon a major life event, or upon the passing of 3-5 years. An estate plan, like any other major life project, is an investment. It is a gift you give to those you love and intend to provide direction to upon your incapacity or death.

Review of Common and Foundational Estate Plan Document:

1. Last Will and Testament
2. Power of Attorney forms for Health Care and for Finances
3. Living Will Health Care Directive
4. Beneficiary Designation forms
5. Community Property or Property Status Agreements
6. Revocable Living Trust – when they absolutely make sense
7. Payable on Death or Joint with Right of Survivorship designations
8. Transfer on Death Deeds