



Updating Your Estate Plan

ESTATE
PLANNING

As your assets have grown appreciably in the past 10 years, you have probably transitioned from worried about “having enough” to “what should I do with the extra.” Congratulations, not many achieve this position. It is a good time to review your estate plan.

To review, a good estate plan is comprised of five key elements: **Will, Trust, Power of Attorney, Health Care or Medical Directive and Beneficiary Designation.** You probably already have these in place from your last estate plan, except you may not have a will.

What is estate planning?

Estate planning is the process of designating who will receive your assets and handle your responsibilities after your death or incapacitation. A key goal is to ensure beneficiaries receive assets in a way that minimizes estate tax, gift tax, income tax and other taxes.

Estate planning can help establish a platform you can fine-tune as your personal and financial situations continue to change. The key question to ask yourself is: How do you want your assets distributed if you die or are incapacitated?

TRUST: I’m not a fan of overspending on legal services, but you should now consider adding/updating your trust. A trust protects you against:

- **Probate:** It isn’t the problem it is in other states, but trusts provide privacy to your settlement
- **Litigation:** someone suing you based on an accident with your car or home
- **Bankruptcy:** in the very low chance your family experienced financial concerns >

EXECUTOR: a key component of your will/trust will be an executor. They will shepherd the liquidation and distribution of your assets after you pass. Some thoughts:

- **Do NOT name multiple executors.** The executor role is difficult enough without having to get agreement on each step with another person.
- **Should you appoint a third party?** A surprising number of siblings have experienced deteriorated relationships after going through settlement. Anger is unfortunately a natural part of the grieving process, and it can be improperly directed at the sibling executor. If you want to protect against this, appoint a third-party trustee:
 - Your CPA
 - Northwest Trust & Management Services
 - Tresco of Idaho
 - Schwab
 - Be careful about naming a big bank. Many large banks only get involved in exceptionally large estates

Trust Considerations: As your estate has grown substantially, you may have exceeded the inheritance you planned for your children. If so, here are some additional provisions to consider. Some of these would target grandchildren, great grandchildren, nieces, nephews, ...

- **Graduation Trust:** This structure provides a financial reward for graduating from high school and/or college. This can be combined with an Education Trust below.
- **Service Trust:** This structure provides financial assistance for family members engaging in service work such as Peace Corp, Missions, ...

- **Education Trust:** Since you have more assets than you planned to pass onto your kids, a wonderful way to pass on your values is to create an education trust where your grandkids, great grandkids, ... can use monies in the education trust to assist with additional education.
- **Philanthropic Endowment:** Another way to pass on your values is to establish an endowment where your children and grandchildren decide what nonprofits receive yearly distributions.
- **Children/Grandchildren Trusts:** Because the inheritance you are leaving to your family has grown, you should consider if you pass these assets on via a trust. The advantages of leaving these in a trust are protection against:
 - Probate: will provide privacy in the settlement of their estate
 - Litigation: someone suing because of an accident with your car or home
 - Bankruptcy: trust assets would be protected in case of financial difficulties
 - Divorce: if there is a divorce, the recipient's inheritance is protected from a divorcing spouse
- **Cabin Endowment:** If you have a favorite family cabin, an endowment can pay for property taxes and upkeep. Family cabins can be difficult to manage financially with required yearly contributions of each family member. An endowment can remove financial friction from your family.
- **Special Needs Trust:** This will provide assistance to a special person in your life who is impaired mentally, emotionally, has dependency issues or just isn't good with money. This structure will ensure they only access funds as they are needed and will NOT interfere with any government support, they receive.

**Wood Tarver Financial
Family Wealth Planners**

**1101 W. River Street, Boise, ID
(208) 343-2001**

**Kelly.Wood@WoodTarver.com
Eric.Tarver@WoodTarver.com**