A photograph of a person's hands writing in a notebook on a wooden desk. A laptop is open in the background, and the scene is softly lit. A large green semi-circle is overlaid on the bottom left of the image.

Chad Cardwell, LL.M.

Introduction to Estate Planning

Knowledge Series - Part One

Introduction to Knowledge Series

This series of four succinct topics focuses on the importance of life insurance to the estate plan of your clients. Because this series is presented to a wide range of professionals, we will start with the basics of estate planning and work towards a more involved overview of life insurance planning using trusts. Much of this information may be a refresher for you, but we hope you find the information useful to your practice and helpful in explaining these techniques to your clients. All materials compiled from and used by permission from Broadridge Advisor Solutions.

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Introduction to Estate Planning

What is estate planning? Simply stated, estate planning is a method for determining how to distribute property during life and at death. It is the process of developing and implementing a master plan that facilitates the distribution of property after death and according to established goals and objectives.

If your clients care about (1) how and to whom their property is distributed, and (2) ensuring that their property is preserved for their loved ones, they need to know more about estate planning.

May be especially needed under certain circumstances. While all clients have at least some need for estate planning, generally, there are certain life circumstances that increase the need for formal estate planning. Examples of those circumstances are:

- Your client has children who are minors or who have special needs
- Your client is business owner
- Your client has property in more than one state
- Your client intends to contribute to charity
- Your client has strong feelings about health-care decisions Your client has privacy concerns or want to avoid probate

How to do it? Designing a plan is a process that is unique to each estate owner. Don't be intimidated or overwhelmed at the prospect. Even the most complex plan can be achieved if your client proceeds step by step. Remember, the peace of mind that comes with developing a successful estate plan is worth the time, trouble, and expense.

Understand the factors that will affect your client's estate. Your client will also need to have some understanding of the factors that may affect the distribution of your client's estate, such as taxes, probate, liquidity, and incapacity.

What are your client's goals and objectives? Your client's goals and objectives are

personal, but your client can not formulate a successful plan without a clear and precise understanding of what they are. They can be based on your client's particular circumstances and the factors that may affect your client's estate, as discussed earlier, but your client's feelings and desires are just as important. The following are some goals and objectives your client might consider:

- Provide financial security for your client's family
- Ensure that your client's property is preserved and passed on to your client's beneficiaries
- Avoid disputes among family members, business owners, or with third parties (such as the IRS)
- Provide for your client's children's or grandchildren's education
- Provide for your client's favorite charity
- Maintain control over or ensure the competent management of your client's property in case of incapacity
- Minimize estate taxes and other costs
- Avoid probate
- Provide adequate liquidity for the settlement of your client's estate
- Transfer ownership of your client's business to your client's beneficiaries

Seek professional help. Seeking professional help (an attorney or financial advisor) will help your client understand the strategies that are available and formulate and implement your client's master plan.

Planning Tools

Last will and testament A will is a legal document that lets your client state how your client want your client's property distributed after your client dies, who shall administer your client's estate, and who will care for your client's minor children. This is probably the most important tool available to your client. Anyone with property or minor children should have a will.

Will substitutes. A will substitute, for example, Totten Trust and payable on death bank accounts, allows your client to designate a beneficiary of certain property that will automatically pass to that beneficiary after your client dies and avoids passing through probate.

Trusts. A trust is a separate legal entity that holds your client's assets that are then used for the benefit of one or more people (e.g., your client, your client's spouse, or your client's children). There are different types of trusts, each serving a different purpose, and include marital trusts and charitable trusts. Your client will need an

attorney to create a trust.

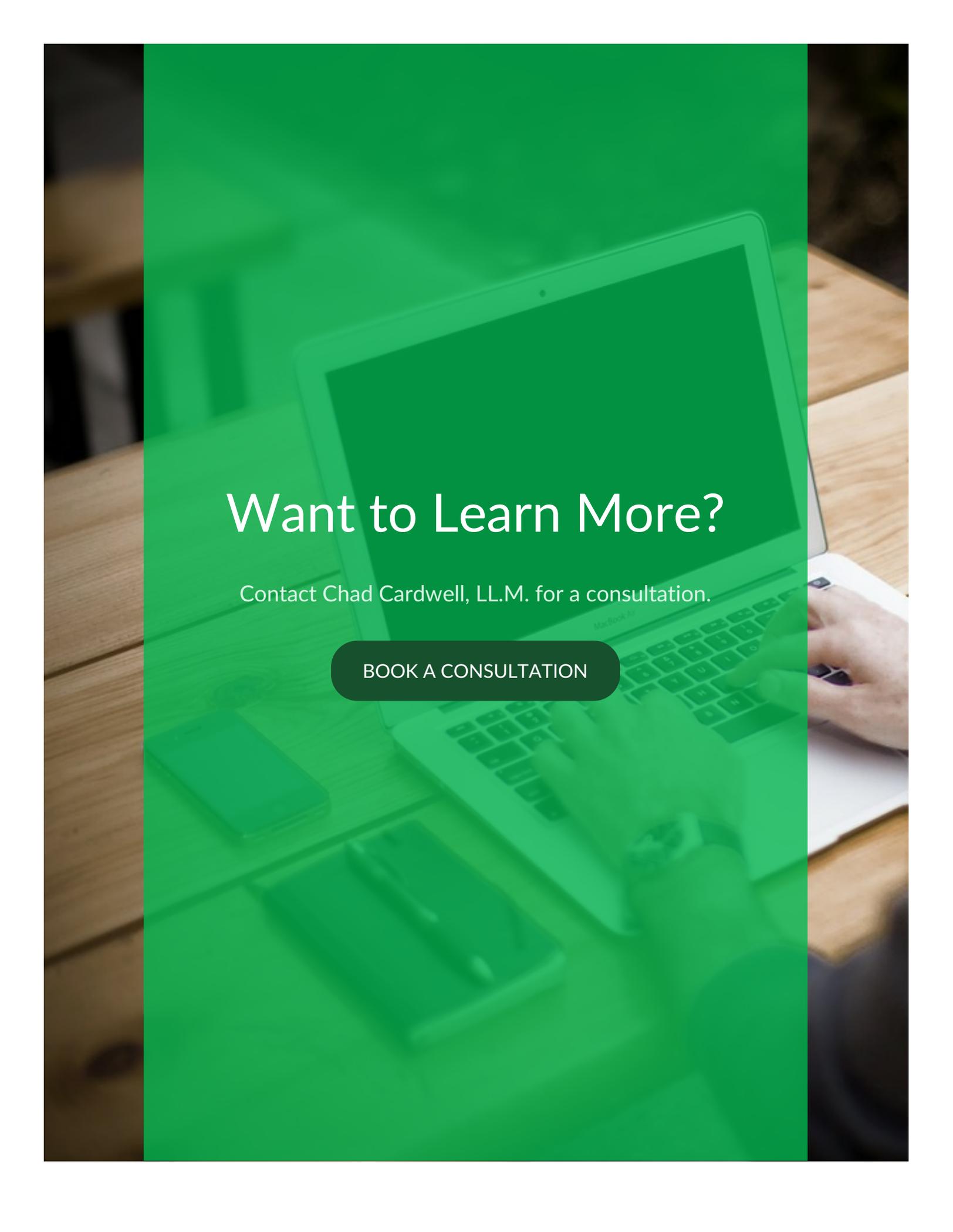
Joint ownership. Joint ownership is holding property in concert with one or more persons or entities. There are different types of joint ownership, such as tenancy in common and community property, each with different legal definitions, requirements, and consequences.

Gifts. A gift is a transfer of property, not a bona fide sale, that your client make during your client's life to family, friends, or charity. Making gifts can be personally gratifying as well as an effective estate planning tool.

Life insurance. Life insurance is a contract under which proceeds are paid to a designated beneficiary at your client's death. Life insurance plays a part in most estate plans

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Want to Learn More?

Contact Chad Cardwell, LL.M. for a consultation.

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Information

Chad Cardwell, LL.M. believes in helping clients through processes that can be challenging by giving each matter personal attention, providing sound legal information and having open communication with every client. Attorney Cardwell has dedicated his career to practicing exclusively in the area of estate planning since 2008. Attorney Cardwell was admitted to practice before the Supreme Court of Tennessee in 2007 and the United States Tax Court in 2008, and holds the distinction of being an Accredited Estate Planner® designee by the National Association of Estate Planners and Councils.