

BASIC ESTATE PLANNING

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Reasons to Have a Will

- To pass your property to your intended beneficiaries
- To name the person who will handle your estate
- To name the guardians of your children
- To make it easier to manage your estate

Intestacy

Property is distributed according to rules based on whether you:

- Are married
- Have children with (or without) your spouse
- Have community or separate property
- Have real property

Non-Probate Assets

Some assets are not (or should not be) controlled by your Will:

- Life insurance
- Retirement accounts
- Certain financial accounts
- Assets in trust(s)

Reasons to Have a Revocable Trust

- Anticipated incapacity
- To own out-of-state property
- For privacy

Other Important Documents

- Durable Power of Attorney
- Medical Power of Attorney
- HIPAA Authorization
- Directive to Physicians
- Appointment of Guardian in Advance of Need

Federal Estate and Gift Tax

- The tax paid on transfers during life and at death
- The combined exemption amount in 2019: \$11.4MM
- The highest tax rate: 40%
- The projected exemption amount in 2026: \$6MM

Transfers Without Tax

- Marital gifts
- Charitable gifts
- The annual exclusion gift: \$15,000
- Payment of medical and educational expenses

Basic Estate Planning Techniques

- “Bypass” or “credit shelter” planning
- Life insurance trusts
- “Crummy” trusts
- Portability of exemption between spouses