

- Do I need a will? Is a revocable living trust more appropriate to my situation?
- Should my spouse also have a will or revocable trust if there is no property in my spouse's name?
- Is joint tenancy a good substitute for a will or revocable trust?
- If I do not have a will or revocable trust, who will receive my assets upon my death?
- Is the cost of administering an estate without a will or revocable trust greater than where there is such a document?
- Should I leave all of my assets to my spouse?
- Can I save taxes by creating a trust?
- Should I create a trust to give my family greater protection and security?
- Should I prepare a trust in my will to give my children greater assurance for their support and education and at what ages should payments begin?
- What happens to minor children if parents die without a will?
- Who will be the administrator of my estate if I die without a will or revocable trust?

Life Insurance

Life insurance may be an extremely important asset in building your estate plan and should be coordinated with that plan. Tax consequences should be discussed with your attorney. Cooperation between your life insurance underwriter and your attorney is important in getting the best answers to some of the following questions:

- Do I need life insurance for my family's security, to guarantee payment of a mortgage, to provide cash for taxes and administrative costs after my death or to provide for long-term care?
- Should I place any of my insurance policies in trust during my lifetime?
- Who should own the life insurance policy and who should be the beneficiary of its proceeds?
- Is life insurance subject to taxation as part of my estate?

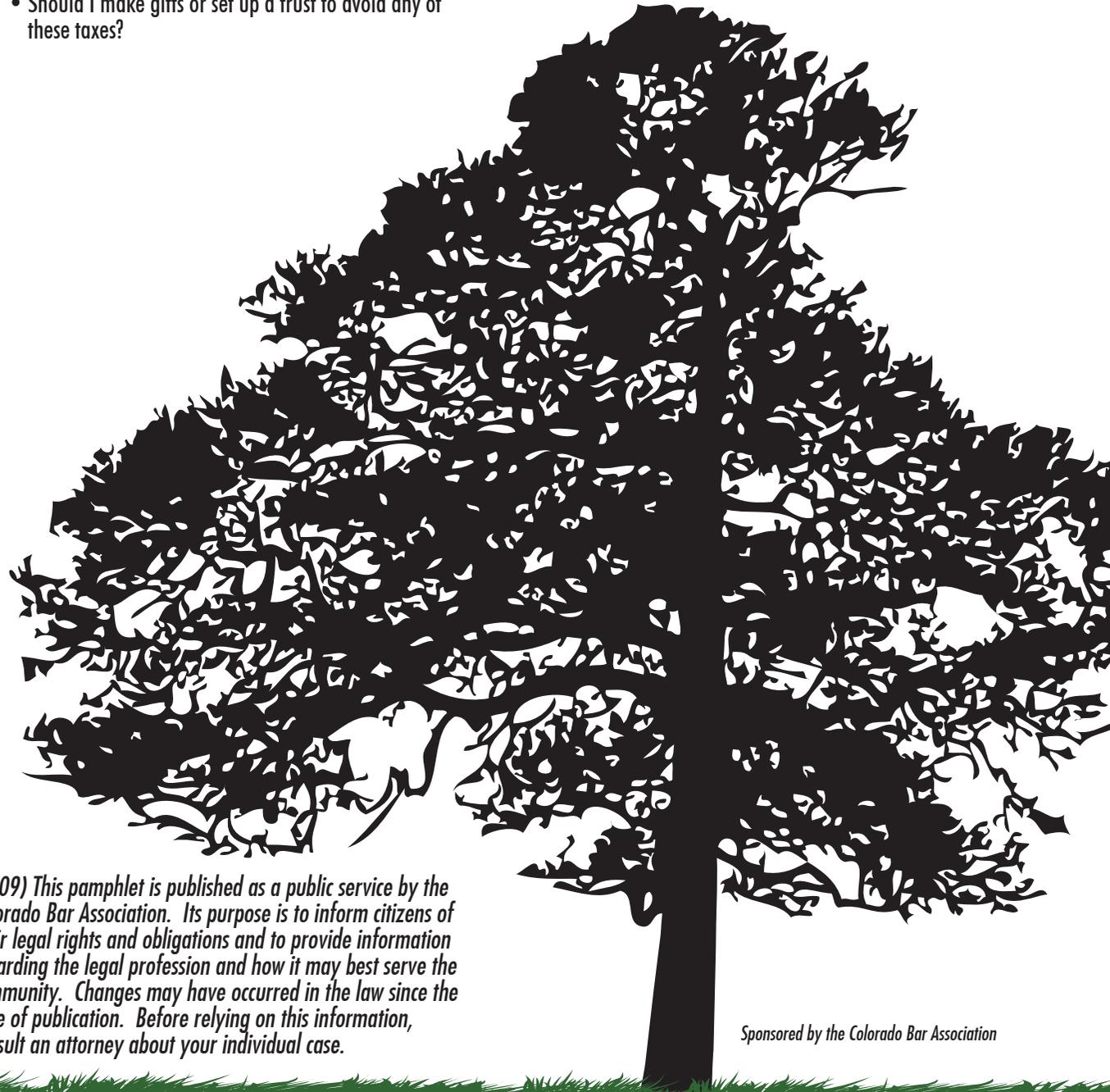
Taxes

Estate taxes can be reduced and, in some cases, eliminated with the advice of your attorney. Lifetime arrangements can also reduce income taxes.

You'll want to ask your attorney:

- How can I reduce estate taxes to a minimum?
- Can all such taxes against my estate be eliminated?
- If not, how are the estate taxes computed, and how much will they be?
- Should I make gifts or set up a trust to avoid any of these taxes?

Estate Planning



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ESTATE PLANNING

What is an Estate Plan?

An estate plan is a written plan of how you want your assets to be owned, managed and preserved during your lifetime and how you want them disposed of upon your death. Your attorney often designs an estate plan to incur the least possible taxes and other costs.

How is an estate plan created?

To put together an estate plan your attorney carefully looks at:

- Your assets and how they are owned (real estate, securities, business interests, life insurance, retirement plan benefits and other property) and
- Other instruments that may meet your needs. Your attorney will want to discuss wills, trusts, business interests, life insurance, Social Security benefits, long-term care, charitable giving, special needs for disabled or elderly, taxes, estate administration expenses, etc. By looking at all of these issues, you may be able to minimize various taxes, the costs of administering your estate upon your death and ensure the welfare of your family and the education of your children.

Many of the subjects involve legal and tax questions of great importance to you. Your decisions should be made with the confidential advice of your attorney, aided in many cases by an accountant, trust officer, insurance adviser or investment counselor.

What should you ask your attorney?

Following are some of the subjects you should discuss with your attorney and some questions you will want answered during the process of developing or updating your estate plan

Ownership of Property

At your death, your assets will be disposed of in one of three methods:

1. To your beneficiaries as directed in your will, trust or under written beneficiary designations, or
2. If you have no will, assets will pass to your heirs as provided by law, or
3. If you have property owned in joint tenancy, it will transfer to the surviving owner (please see CBA pamphlet on Joint Tenancy).

Ask these questions of your attorney before deciding which method is best for you:

- Should I hold title to my home, car or other assets in joint tenancy? What are the advantages and disadvantages?
- Should I change the title to any of my property so it will go to the persons I desire when I die?
- How can I change the title to my assets and save taxes and estate administration expenses?
- Should I make gifts of my assets to reduce income or estate taxes?
- Should I place my assets in a trust during my lifetime?
- Can I provide my family with asset protection by creating a trust for my property during my lifetime?
- Should I establish a family limited liability company or partnership?
- Can I get my assets back if I do set up a trust during my lifetime?
- How do I choose a trustee?
- Will it be necessary to sell any of my assets to pay taxes and the cost of administering my estate?
- Will there be enough cash available after my death to pay taxes and the cost of administering my estate?
- Will my family have enough cash to take care of themselves while my estate is being administered?
- How can I provide for children from my first marriage and still be fair to my current spouse and/or children?

Business Interests

A business interest may be owned in several ways:

1. Individually (as a sole owner or proprietor)
2. As a partner with one or more persons
3. As a shareholder in a corporation
4. As a member of a limited liability company

The following questions can help you decide which method to select so that your business interests pass to your intended beneficiaries with a minimum of taxes and other costs.

- Should I own my business as an individual proprietor or as the sole shareholder of a corporation?
- Where there are co-owners, should my business be organized as a partnership, as a corporation or as a limited liability company?
- Do I want any member of my family to continue operating my business after my death?

- Do I want to be in business with my co-owner's family or spouse following my co-owner's death?
- Do my co-owners want to be in business with my family or spouse following my death?
- Should I consider changing the type and ownership of my business interests to accomplish my objective?
- Do I need an agreement in order to have my co-owner buy out my interest in the event of my death, disability or business dispute?
- Should my co-owner and I obtain life insurance on our lives for the purpose of buying out the deceased's share or disability buy-out insurance? If so, what kind of insurance and how much insurance should be acquired?

The Centerpiece of Your Estate Plan

The centerpiece of an estate plan will either be a will or a revocable living trust. These documents contain instructions for disposition of your assets upon your death. A revocable trust-based estate plan does not eliminate the need for a will, because a trust cannot do certain things. For example, you may not be able to nominate guardians for minor children in a revocable trust. Conversely, while a will-based estate plan is often simpler, wills often contain one or more trusts that are created on your death.

It's best for both wife and husband to have a will or revocable trust, even when all significant assets are held in joint tenancy. This private and personal document can be changed, as desired, during your lifetime.

With a will or revocable trust, your assets can be distributed under your own plan, subject to certain rights of your spouse, which your attorney can explain. You can select your own beneficiaries and place some or all of your assets in trust for certain individuals and for various purposes. You may designate the person or banking institution you want to administer your estate, and decide who should serve as guardian for your minor or incapacitated children.

Without a will or revocable trust, the law dictates how your assets will be distributed. Wills and trusts are only two of several legal devices used in a carefully planned estate plan. Here are some questions you will want to discuss with your attorney during the estate planning process: