



Getting Your Estate Plan Started

Crafting a comprehensive estate plan is essential for all individuals, regardless of one's age or financial situation. Establishing a clear strategy is best practice when starting the estate planning process, and you can build on it and make adjustments over time. This guide walks you through the key steps to strategic estate planning so you can feel confident that your loved ones are protected, your wishes are respected and your legacy is preserved.

The Importance of an Estate Plan

Estate planning provides peace of mind by confirming that your affairs, including asset management, healthcare preferences, inheritances and business interests, will be handled according to your wishes. Keeping a well-constructed estate plan can ensure that your heirs and beneficiaries receive assets in a way that prevents unnecessary financial burdens and minimizes taxes. For those who have minor children or dependents, an estate plan can appoint a guardian to protect their well-being and ensure their financial security until they reach adulthood.

Take Inventory

The first step in creating an effective estate plan is to take inventory of all your assets and liabilities, including bank, investment and retirement accounts, legal property documents and insurance coverages. Once you have the full picture of your assets and liabilities, your focus can shift from lifestyle to legacy and the pursuit of transferring wealth.

Key Steps

Now that you have taken inventory of your finances, it is time to decide how, where and to whom your assets should be distributed. Hiring a financial advisor, tax professional or an estate planning attorney can be helpful in evaluating your options and making decisions. Here is a list of actionable items and documents for you to consider:

Create a Will

A will is a legal document that lays out your asset distribution wishes and appoints an executor or personal representative who is responsible for carrying them out. If you have minor children, your will may appoint a guardian who will be responsible for their well-being until they reach adulthood. It is important to review and update your will regularly to reflect any significant life changes, such as marital or familial changes, as well any updates to your assets, debt or end-of-life wishes.

Name Your Beneficiaries

Consider who you would like to designate as your heirs and beneficiaries - the individuals who will inherit your assets after your death. When choosing beneficiaries, you have the power to specify how much of your assets each individual or entity should receive. Some factors to consider when designating beneficiaries include personal relationships, financial needs, as well as any other special considerations you may have. Retirement plans and insurance products usually have beneficiary designations that typically outweigh what is stated in a will. Review and make sure the primary and secondary beneficiary designations for your life insurance policies, retirement accounts and similar accounts are up to date and reflect your wishes. You also should review designees on Payable on Death (POD) bank and Transfer on Death (TOD) brokerage accounts to ensure they are consistent with your plan.

Consider a Revocable Trust

A revocable trust (commonly referred to as a living trust) can be more complex than a will but offers greater control and privacy. With a revocable trust, you have the power to manage your assets, appoint someone to manage them when you are unable or unwilling, and designate how they should be distributed while you are alive and after your death. There are three key roles involved in a revocable trust: the grantor, the trustee and the beneficiaries. In the event the grantor becomes incapacitated, the trustee can manage the trust assets without having to involve legal intervention. Additionally, assets in a revocable trust are outside of probate, meaning the trust assets can remain private and avoid a lengthy and sometimes costly transfer process. Here are some helpful definitions for terms associated with a revocable trust:

- **Grantor:** Individual who creates and funds the trust. The grantor is responsible for transferring ownership of their assets to the trust.
- **Trustee:** Individual or institution responsible for managing the trust assets according to the trust terms, as well as performing additional administrative tasks.
- **Beneficiaries:** Those who receive the benefits of the trust. Beneficiaries can be individuals, charities or other trusts.
- **Probate:** The legal process of administering a deceased person's estate, which is typically court supervised. Generally, assets passing under a will pass through probate while assets in a revocable trust do not.

Establish Directives

Directives are legal documents that provide direction for your healthcare and financial decisions in case you become incapacitated. Directives can help ensure that your loved ones are not burdened with making difficult decisions on your behalf and specific actions are carried out according to your values. Estate planning directives can include:

- **Living will/advanced directive:** Outlines your wishes for end-of-life care.
- **General power of attorney:** Appoints an individual the broad authority to make decisions on your behalf regarding financial and legal matters. If durable, it remains in effect if you become incapacitated.
- **Healthcare power of attorney:** Appoints an individual the authority to make medical decisions on your behalf in case you are unable to do so yourself.
- **Declaration of guardian:** Appoints an individual to become your legal guardian in the event of your incapacity.

Address Estate Taxes

Taxes play a significant role in estate planning, as they can influence the overall value of an estate and the way assets are distributed. It is crucial to have a detailed understanding of federal and, in some cases, state estate tax laws when creating a comprehensive estate plan. These taxes are typically imposed on the cumulative estate value, including assets, property, bank accounts and other possessions. Discuss with your tax and financial advisors and an estate planning attorney the steps needed to minimize your tax liability.

Additional Estate Planning Tips

Start early. The earlier you start planning, the more time you will have to make informed decisions.

Seek professional advice. If your estate is complex or you have concerns about specific aspects of your plan, consider consulting with your trusted tax and financial advisors and always use a competent estate planning attorney.

Communicate your wishes to your family. For some, consider letting your loved ones know about your estate plan so they can be prepared to carry out your wishes.

Review and update your estate plan periodically, including beneficiary designations and appointed individuals, to ensure it accurately reflects your current wishes. Estate planning is an ongoing process, and as your life circumstances change, so should your estate plan.

For guidance on creating a comprehensive estate plan, contact your Glenmede Relationship Manager.

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