

## Purposes of Estate Planning

Estate Planning, also referred to as family wealth transfer planning, is a process that calls for a person arranging their affairs in an orderly, concerted manner and includes, among other things, the following:

- To devise a plan that will provide for the financial security and comfort of the testator, and his or her spouse, for the balance of their lives. This is not solely a plan for the remaining family after death.
- To have the testator and his or her spouse retain as much control and enjoyment as possible over their assets until their death.
- To keep the family assets in the family; and out of the hands of potential creditors of family members and divorced spouses of family members, if it applies.
- To determine what the estate taxes (if any) and administration costs will be and try to minimize them and determine how they will be paid.
- Attempting to minimize or avoid unnecessary expenses and delays of probate and administration of the assets.
- Projecting the cash flow to the beneficiaries during the estate administration period, and after the estate is settled.
- Helping the testator make the proper choices of bequests to his or her various beneficiaries, including charities, if so desired.
- Helping the testator arrange his or her affairs so that it would be clear what state he or she is a resident of, if there is a chance that more than one state might make a claim.
- With respect to a family business, to arrange a plan of contingency for the continued operation, and possible sale of any businesses, and other non-liquid assets.
- To determine the applicability of trusts and arranging for their creation and funding, as appropriate.
- To determine the scope of liabilities, if any, the estate will have, including notes signed and guaranteed, previous divorce settlements, prenuptial agreements, support commitments for children, buy sell arrangements and outstanding tax audits and liabilities.
- To determine the effect of income tax on estate distributions and bequest and plan to maximize income tax basis, when appropriate.
- To help put order to a person's affairs.