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ESTATE PLANNING

Preliminary Considerations

This letter outlines some of the issues that we will need to consider as we begin the estate planning process. The following are items that should be considered:

1. The value of your estate: You will get a general idea of the value of your and your spouse's estate if you total the value of your assets and subtract your liabilities. It is important to consider retirement accounts and the face amount of life insurance. The value of your assets is relevant because appropriate estate tax planning can at least reduce, if not eliminate, the estate taxes your family will have to pay at your deaths.

2. Your heirs: Your heirs are the people who would inherit your assets if you die without a will. Whether or not you decide to give your heirs a portion of your estate, it is important to know the identity of these people. They are, in the following order: spouse, children, grandchildren, parents, siblings, and nieces and nephews.

3. Charitable interests: Your estate will receive a deduction for estate tax purposes for any assets that are given to a charity at your death. Many people who feel they cannot give to their chosen charities during their lifetime feel that they can make a charitable gift at death.

4. Specific Gifts: You may be interested in making a gift of a specific asset or specific amounts of money, to a specific person or organization. It is not uncommon for clients to make a gift to a long time friend or specify that family property go to a specific family member.

5. Beneficiaries: These are the people you would ultimately like to have all or any part of your estate after your death. They can be family members, friends, or organizations, or a combination of any of the above.

6. Young or disabled beneficiaries: Beneficiaries who are "too young" (as you define the term) or beneficiaries who have a disability are often better served by placing their portion of your estate in a trust. This can have multiple benefits, including providing objective management of assets, objective determination of the beneficiary's needs, protecting the beneficiary from undue influence, and allowing that person to remain eligible for other benefits.

7. Education for children or grandchildren: Many people wish to provide for the education of their children and/or their grandchildren. It is possible to set aside specific sums of money or a certain percentage of your estate to be put into trust for the specific purpose of educating your children and/or grandchildren.

8. Personal Representatives: The personal representative (also known as the executor) is the person you appoint to administer your assets at your death. This person is appointed by the probate court and has authority to make distributions of assets as you designate in your will, sell assets, and pay your debts and expenses from your assets. It is very common for spouses to name each other and then to name children, siblings, friends, and/or a bank or trust company to take on this duty. I recommend that you select at least one personal representative and a minimum of two (and ideally three or four) alternates in the event that your first choice is unable or unwilling to perform those duties.

9. Trustee: Many wills specify that, at your death, one or more trusts will be created, either to fulfill your wishes regarding the distribution of your assets, and/or to minimize or eliminate estate taxes. These trusts require that one or more trustees have the responsibility for carrying out the terms of the trust. Again, ideally you would name one or two people as the initial trustees and select a minimum of two alternate trustees.

10. Guardians: If you have minor children it is important to consider whom you want raising your children if you and your spouse die while your children are younger than 18 years. Common choices are siblings, parents, friends, and other relatives.

Not every estate plan involves all of these issues. However, it is important to consider and eliminate those issues that are not important to you or do not relate to your situation.

Sincerely,

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