The Importance of Estate Planning

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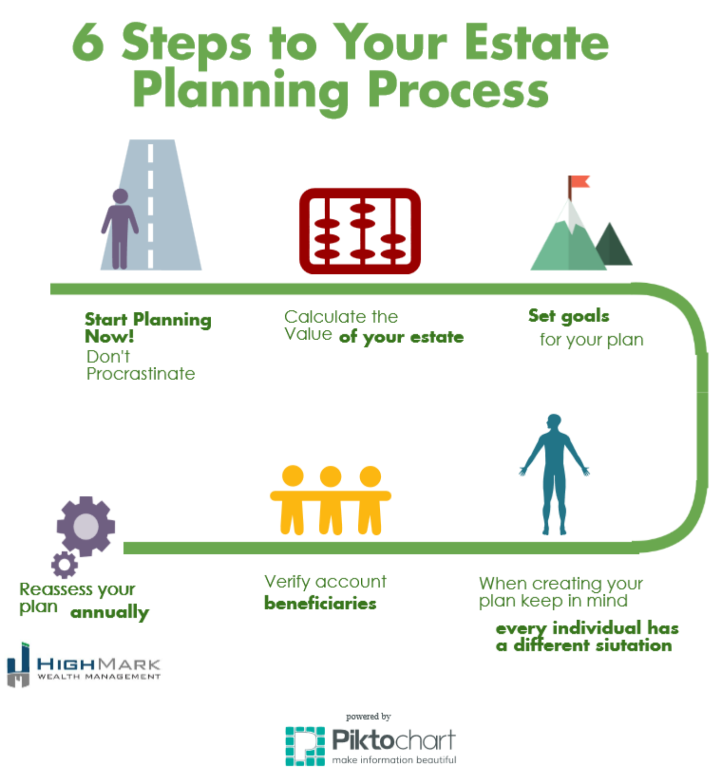
An estate plan is the process of arranging for the disposal of an estate and preparing for the unexpected. If you die, become terminally ill or incapacitated, your estate plan precisely directs how to handle your personal, financial and medical affairs. Your personal estate consists of everything you own – homes, insurance policies, retirement accounts, investments, bank accounts, automobiles, collectibles and other personal assets. Your estate plan gives you control and peace of mind that your assets are going to be passed down as you intended. Without proper planning, state laws dictate what will happen to your personal assets regardless of what you intended to leave to a spouse, child, family member or charity.

Under current laws, diligent planning can reduce your estate taxes. The first $5.25 million of your estate is exempt from federal estate taxes, with all remaining assets subject to a 40% tax rate. Many individuals want to ensure their assets stay in the family. An estate plan can arrange for funds to pay any debts, taxes or expenses you leave behind. This ensures that your loved ones do not incur any of your financial burdens when you're gone. Putting your loved ones through the tedious process of probate court (also called a surrogate court) after you're gone is something most individuals want to avoid. Certain estate strategies can avoid a long, expensive probate trial that can cause heartache, family conflicts and loss of privacy for your surviving family members.



Six Steps to Your Estate Planning Process

1. **Start planning now!** Don't procrastinate with starting your estate plan; instead, take advantage of estate strategies available while you're alive.
2. **Calculate the value of your estate** by simply adding up everything you own and subtracting your debts. Repeat this process annually because asset values are constantly changing.
3. **Set goals for your plan –** Who will inherit your assets? When? How? Your estate plan will make certain your wishes are carried out in a timely and tax-efficient manner.
4. **When creating your plan** keep in mind every individual has a different situation. When meeting with your adviser they may recommend wills, trusts, power of attorney, healthcare directives, insurance policies and other estate planning tools.
5. **Verify account beneficiaries** on all of your accounts. Beneficiaries on insurance policies, 401(k)s, IRAs and annuities will typically inherit those assets no matter what it says in your will.
6. **Reassess your plan annually.** Your estate plan should be updated when you move to states with different laws or when you experience major life changing events such as change in marital status, family death or a significant increase in net worth.

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