

“Many people feel that unless they have great wealth, a will or trust is not necessary. That’s simply not true. Even if you’ll never have to worry about paying estate tax, a will or trust can make a big difference in how, and by whom, your assets are handled.”

— Jackie Perlman, CPA, Senior Tax Research Analyst

## DEATH AND...: THE VALUE OF HAVING A WILL AND/OR A GRANTOR TRUST

Wills and trusts are legal documents that ensure that your wishes are carried out. If you die intestate (without a will or trust), state law will determine how your property will be distributed and how many other issues will be handled. Here are some examples:

ISSUE	IF YOU HAVE A WILL AND/OR GRANTOR TRUST...	IF YOU DO NOT HAVE A WILL OR LIVING TRUST...
Your property	Upon your death, your assets will go to the people whom you have chosen.	Your assets will be distributed according to state law. Only relatives, in a specified order, are eligible recipients.
Your charitable bequests	You can designate some or all of your assets to go to charity.	If no living relatives can be located, your assets will become property of the state.
Your executor or successor trustee	You can name a trusted person to handle your estate.	The state will appoint someone, usually a close relative, to administer your estate. However, state law will still dictate how assets are distributed.
Your minor children	You can name a guardian for your minor children. This person need not be a relative.	The state will appoint a relative as guardian. If there are no relatives to act as guardian, the children will be placed in foster care.
Special needs	You can ensure that any special care and financial arrangements will be carried out based on your plan. <b>Examples :</b> <ul style="list-style-type: none"> <li>■ Provisions for children’s education.</li> <li>■ Care and financial stability for disabled family members.</li> <li>■ Preventing heirs from spending your money foolishly.</li> </ul>	Your state will distribute everything according to its laws, which are based solely on relationship. Any special needs will be disregarded. Recipients can spend the money however they wish.
The cost	Estate planning can minimize estate taxes, income taxes, and probate (estate administration costs). A grantor trust can avoid probate as well as will contests.	Without planning, attorney and administration fees could greatly reduce the amount of your assets that will pass to your heirs.
Life issues	You may have very specific ideas about how you want to be cared for if you are disabled or gravely ill. You also want your property to be safeguarded. A living trust can include provisions for all of these issues. (A living will can set forth your preferences regarding resuscitation and other medical care.)	Relatives will make decisions concerning your personal care, which may not be to the standard you would prefer. Your assets are unprotected.

**Important:** Be sure to update your will periodically. If you set up a trust, be sure that the assets that are to be controlled by the trust are actually transferred to the trust. For more information on what a will or grantor trust can and can’t do for you, see your tax professional, financial advisor or attorney. Self-help tools, such as Kiplinger’s WILLPower™ software, provide all the legal documents and resources you will need to prepare wills and living trusts.