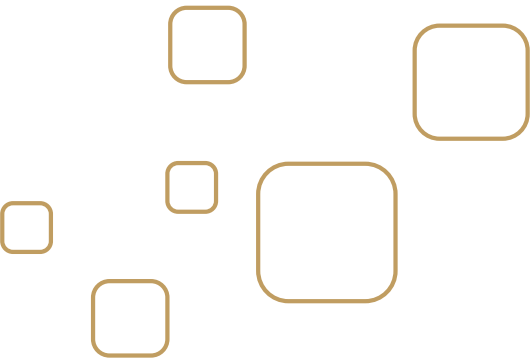
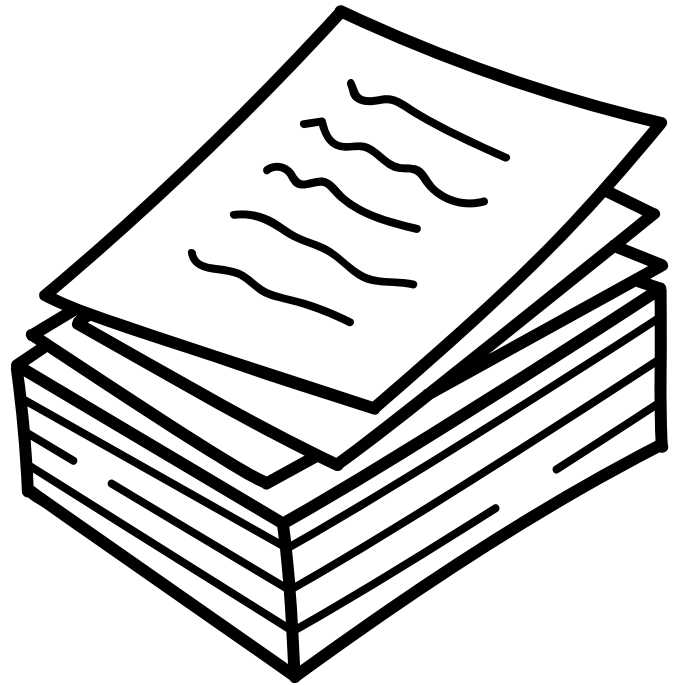

A Young Professional's Guide to Estate Planning



ALLSTREET
WEALTH



Estate planning is one of the most overlooked areas of peoples' financial lives.

Whether you've put it off because you think it's boring, expensive, or because you don't have enough assets, this guide will help you understand why you need it, some of the common terms, and how to go and get it done.

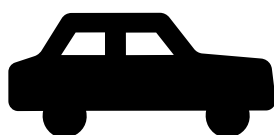
But first things first, what even is an estate plan?

Your estate is everything you own. It ranges from your business, to your house, to your money, and any other personal belongings.

Even if you don't own a lot of stuff, you still need a plan for where all of these things will go.

However, your estate plan is more than just a map of where all your possessions will go. It also helps dictate where you kids will go, who will take care of you if you're unable to, who will handle all your affairs if you can't, who will take your loved pets, etc.

It's a combination of how to pass down assets, to how the end of your life will be managed, and who will handle everything.



Documents Included In An Estate Plan

Everyone's estate plan is slightly different, but there are a few specific documents that most have in common.

- **A Last Will** - The goal of a will is to lay out your wishes for who will receive what after you pass away. You will also select someone as a guardian for your children as well.
- **A Living Trust** - Very similar to a will where you outline the instructions of who gets what. The difference with a trust is that these assets are placed in there while you are still alive. Once you pass away, these assets will be moved without needing probate.
- **A Living Will** - This is a document that is part of the advance directive which allows someone to make decisions for your health if you cannot make them on your own.
- **Power Of Attorney** - This is a document that names someone to make the financial decisions for you if you are unable to do.



What actually happens to an estate after you die?

Most people have no idea what the process looks like after someone passes away. Those that do, totally understand why these documents are so important. So let's dive into this so you get a real life understanding.

Everything you own at the time of your death is part of your estate. Your estate then goes through probate. Probate is the process where the court decides what happens to your assets now that you are gone. This is where having estate planning documents becomes so helpful. If you have a will, the court uses this as their guide to splitting up your estate.

If for some reason you don't have one, you are considered to have died intestate and the court uses local laws to decide who gets your assets. Let's be real, you don't want them deciding who gets your stuff! Having a will helps ensure everything goes to the right people.

The best way to avoid probate is by naming beneficiaries on all your important accounts like life insurance, retirement accounts, and transfer on death accounts.

Who handles your estate?

When you create your will, you get to name someone as the executor of your estate. This person manages your estate through the probate process. They handle unpaid bills, taxes, debt, and anything else that relates to your estate. They also help distribute your estate to all the right people. Typically, people pick their kids, spouse, or siblings to do this for them as it is not a quick and easy job. You definitely want someone you trust to be your executor.

If you do not name someone before you die, the judge will choose someone as your administrator.

Taxes On Your Estate

Many people worry about estate taxes, but it only really applies to people with *significant* wealth. In 2022, the first \$12.06 million of your estate is exempt from federal taxes.

The only way you have taxes is if you have more wealth than that or if you live in one of the 12 states that have a state estate tax.

These states are:

- Connecticut
- Hawaii
- Illinois
- Maine
- Maryland
- Massachusetts
- Minnesota
- New York
- Oregon
- Rhode Island
- Vermont
- Washington

Some of these states have a lower exemption than the federal one so you may have to pay state tax even if none is due federally. You definitely want to be aware of this and plan for it!

Your executor is the one who will help handle all the tax bills that could be due. They will use money in the estate to help pay these bills and if they need to liquidate to help pay for taxes, they will.

When Do I Need A Trust?

Most people have heard of trusts, but not many know whether they need one or not. A trust is a legal arrangement where you can put assets into it and choose how your heirs will receive them. A trust helps you avoid probate and can save time and money. Plus it gives you control on how these assets will be handed down. It's also important to note that the assets you move into a trust are not part of your estate which can help lower your taxable estate.

Who does a trust make sense for? A trust can be beneficial for someone with a large estate, but it also can make sense for people with young children. If you die and your children are minors, they can't receive life insurance benefits until a guardian is chosen, which can take awhile. Plus most of the time, children can't receive these proceeds until they are 18 or 21 depending on the state. Having a trust can help create a plan for how to handle these life insurance proceeds.

How Do I Get Started On My Estate Planning?

Now that you understand probate, who an executor is, the estate tax, trust's, and why you need an estate plan, let's get into how to actually get this done.



Step 1: List everything you own

This is not a fun step, but it is crucial.

You need to figure out and take inventory of all the assets you have. This will help save your family a ton of time after you pass away. Here are things you want to include:

- All of your checking and savings accounts and what their balances are
- All the investment accounts you have
- All the crypto you may have in cold storage or on exchanges
- Any retirement accounts/plans you have
- Any real estate you own
- Any business you own or have ownership in
- Any personal property you find valuable (jewelry, art, shoes, etc)
- Insurance policies you have
- Passwords or ways to get into all your accounts (they have to be accessible for them to be passed on)
- All the debt you currently have
- Anything else you find valuable

This step is crucial, and can also be helpful in other areas of life to have all of this listed out. You never know when you will need it.

A quick tip, make sure you have transfer on death (TOD) accounts set up.

This helps these accounts get passed directly to the beneficiary and avoid probate.

Step 2: Think Through Where You Want Everything To Go And Who You Want To Handle Your Affairs

This is a really big step and one that should not be rushed through. You need to figure out how your assets will be split and who it will go through. You also have to decide who will take your kids/pets, who will make decisions for you if you can't, who will be your executor, etc.

You want to make sure you get this right and pick someone who is organized and can handle this well. It is not an easy job at all.

Step 3: Implement The Plan

Whether you decide to use Trust and Will or a personal attorney near you, this is the time to actually put pen to paper and get this plan implemented.

You will need to sign some documents, get it notarized, and notify everyone of what their role will be. For some, this is relatively easy since you don't have much going on. For others who have put this off a long time and have a complex life, it may take awhile. Get started on this now! You never know when it will be your last day, but getting this plan done will help everyone involved. It truly is a gift to those around you.

Step 4: Update Your Plan As Your Life Changes

Many people get their estate plan done then they have more kids, buy more properties, start another business, etc. When these things happen, you have to go back and update your estate plan to reflect your current life. So many people forget to do this or just get lazy and refuse to update their plan. Don't be one of these people. Every so often go back and make the needed changes.

Options To Go And Get Your Estate Plan Done

1) Use an online service

Places like Trust and will help you get this done quickly and at a fraction of the cost. Plus, if you need an attorney, you can use one directly through them.

2) Find an estate planning attorney

Maybe your situation is a little more complex than others. You may need to go and get an estate planning attorney or a specialist to ensure everything is correct. This will be more expensive, but sometimes it is needed with the complexity of your situation.

Hopefully this guide helped you understand the parts of an estate plan, why you should get one, and how to actually get it.

We urge you to not push this off to the future - be proactive and don't wait until it's too late.

Disclaimer:

This guide is for informational purposes only, you should not construe any such information or other material as legal, tax, investment, financial, or other advice.