

ALASKA COMMUNITY FOUNDATION
&
UNIVERSITY OF ALASKA FOUNDATION
ESTATE PLANNING WEBINAR





Wills
Trusts
Incapacity
Estate Tax Planning
Probate
Trust Administration
Alaska Community Property
Agreements & Trusts
Corporate Law & Business
Succession Planning
Charitable Legacy Planning

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**BRIDGING
GENERATIONS**

What We Will Cover

The Definition of Estate Planning

The Problem of Title

The Probate Process (in a Nutshell)

Powers of Attorney & Health Care Directives

Basics of Wills

Beneficiary Designations & Joint Titling of Assets

Introduction to Trusts

Protecting Inheritance for Loved Ones

Estate Tax Basics

Charitable Legacy Planning

Odds and Ends

Definition of Estate Planning:

What Exactly *is* Estate Planning?

Not just for fancy people

Any decision or arrangement you make during your lifetime about how and by whom your property is controlled at your death or incapacity, including:

- Beneficiary Designations

- Pay on Death (POD) or Transfer on Death (TOD) Designations

- Joint Titling

Concerned with controlling costs at death or incapacity, including:

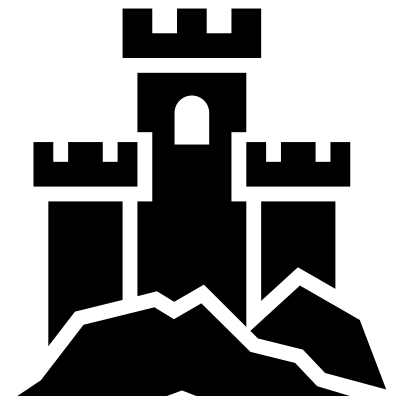
- Administrative Expenses

- Legal Fees

- Accounting Fees

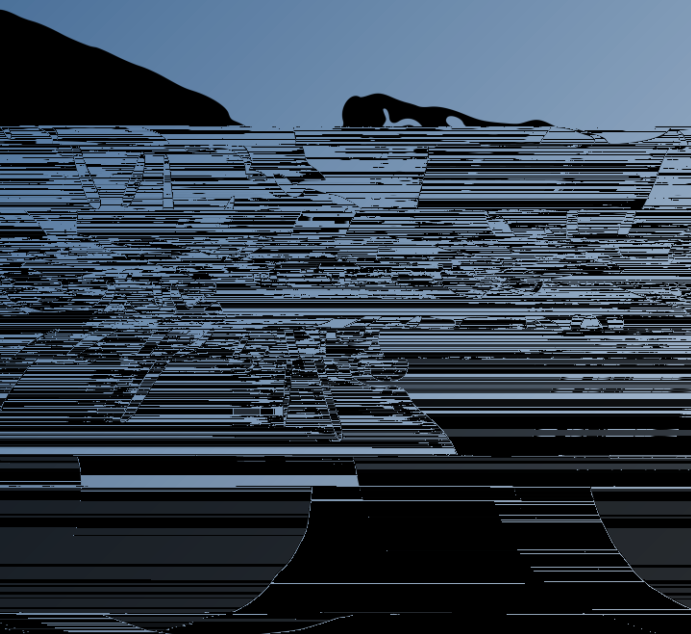
- Appraisal Fees

- Taxes



The Problem of Title:

Who Controls Property Upon Death or Incapacity?



When you die or become incapacitated, someone needs to be given authority to manage, control and convey your property

The legal process that confers authority to manage, control and transfer property depends upon the type of property and how it is titled

The Problem of Title:

Examples of How Property Might be Controlled at Death or Disability

Property Type

Death

Incapacity

Bank Account

Probate

Power of Attorney

Real Estate

Probate

Power of Attorney

Joint Property

Operation of Law

Operation of Law

Life Insurance

Ben. Designation

Power of Attorney

IRA

Ben. Designation

Power of Attorney



Estate Planning Tools for Incapacity

Power of Attorney

Durable Power of Attorney in effect now and at incapacity

Springing Power of Attorney comes into effect at time of incapacity

Special or Limited Power of Attorney for specific tasks

Considerable power with limited oversight

Becomes ineffective at death

Estate Planning Tools for Incapacity

Advance Health Care Directive

Appoints agent(s) to make health care decisions when you are not able to make the decisions

Allows you to give directions regarding end-of-life care

Incapacity Without a Plan:

Guardianship/Conservatorship

Court-Supervised Care of Incapacitated Individual and His/Her Property

Time Delay

Emotional Cost

Financial Cost

Basics of Wills:

Intestacy (Dying Without a Will)

State law will provide a plan for you

Does not avoid probate

No tax planning

No planning for incapacity

No provisions to manage or protect inheritance for heirs

Basics of Wills:

What Your Will Does



Transfers property solely in your name

Specific Distributions

Residual Bequest

Names Personal Representative & Successor Personal Representative(s)

Names guardians for minor children

Can create a testamentary trust for children or other loved ones

Basics of Wills:

Probate required

Court involvement

Potential time delay

Public process

Potential for probate in multiple states

A Will only controls the transfer of property solely titled in the name of the decedent

Joint titling, beneficiary designations, and pay on death arrangements supersede the Will



Beneficiary Designations:

Part of the Whole Puzzle

Named beneficiaries may not be consistent with Will

Property often passes outright to beneficiaries **without available protections:**

No Estate Tax /F51 1nni1 0(0 reW*nBT/F530 Tf1 0 0/F7T7AMC3D

Introduction to Living Trust:

How a Living Trust Works

Appropriate retitling of assets (funding) with proactive involvement of the attorney is essential

Should include appropriate definition of incapacity

May include detailed personal instructions

Can be named as a pay-on-death beneficiary (treat with caution)

Detailed explanation of trusts is covered in the regular webinar Foley & Pearson teaches outside the scope of

Introduction to Living Trust:

When to Use a Living Trust

When you want to limit or avoid probate proceedings

When you own property in more than one state

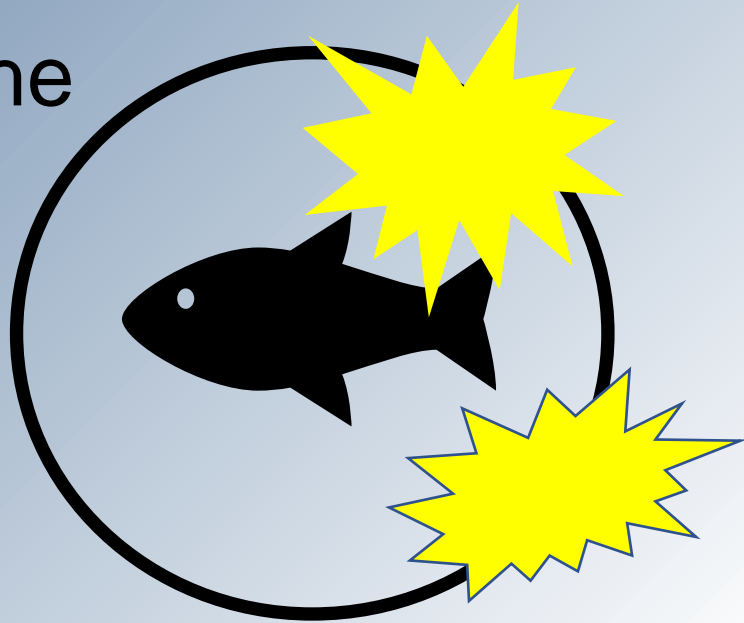
When you have a taxable/potentially taxable estate

When you want help with management of your financial affairs

When you want to leave your wealth to your spouse or loved ones in a protective trust

When you want your affairs to remain private

Leaving assets in a
Testamentary
Trust for loved
ones protects the
assets from
creditors and
predators



Protecting Your Estate for Loved Ones:

Benefits of Inheritance Trusts

Management Assistance

Creditor Protection

Protection in Event of Remarriage

Minor Children

Financial Management Assistance

Special Medical Needs

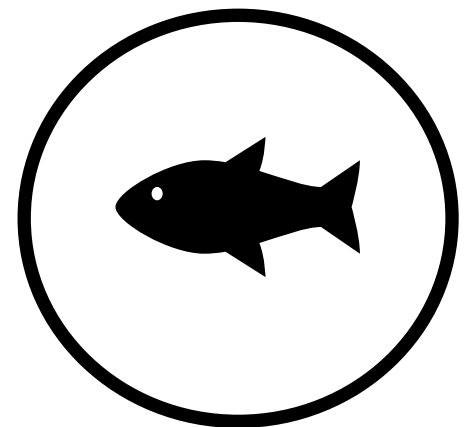
Substance Abuse

Protection from Creditors

Protection from Divorce

Generation Skipping Tax Planning

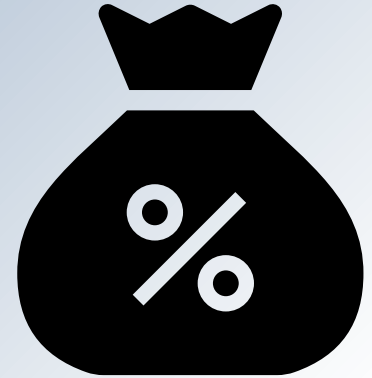
Family Legacy Property



Estate Tax Basics:

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What is NOT Subject to the Estate Tax?



Marital Deduction

You can transfer unlimited wealth to your U.S. citizen spouse now or at death without triggering a federal estate or gift tax

Applicable Exclusion Amount (The

You can transfer wealth to anyone *other* than your spouse without triggering a federal estate or gift tax *up to* the amount

Date		Exclusion Amount	Top Tax Rate
2001		\$ 675,000	55%
2002			

Estate Tax Basics:

Lifetime Gifts



Annual gift limitation of \$16,000, indexed to inflation

You must report gifts exceeding \$16,000 per person to the IRS

May use some or all of the \$12.06 million Coupon during your lifetime, which allows larger gifts without triggering a tax

Reduces overall Coupon amount at the time of death

Estate Tax Basics:

States May Also Impose Estate or Inheritance Taxes

Alaska has no estate or inheritance tax

Other states have estate or inheritance taxes in addition to federal estate taxes

Taxes are imposed by states if you are a resident of the state or own real estate in that state when you die

Washington and Oregon have a state estate tax

Will or Living Trust

-

-Based Plan

Charitable Legacy Planning:

Retirement Assets



Human Beneficiaries of retirement assets (401(k)s, IRAs, 403(b)s, TERS, PERS, etc.) pay income tax on distributions

10 Year Rule applies under SECURE Act

Charities DO NOT pay income tax

Lifetime income tax savings: consider directing required minimum distributions (RMDs) to charities

Income tax savings for beneficiaries after your death: consider naming charities as beneficiaries on retirement assets

Charitable Legacy Planning:

Other Charitable Planning Tools

Charitable Remainder Trust (CRT)

Charitable Remainder Unitrusts (CRUT
Cousin of the CRT)

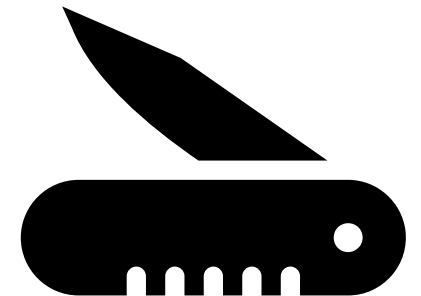
Charitable Lead Trust (CLAT)

Charitable Gift Annuity (CGA)

Endowments

Private Foundations

Lifetime Gifting



Thank You for Attending!

Please fill out the short evaluation form

Personal Information Forms are available for individuals interested in working with Foley & Pearson, P.C.

Workshop schedule available at FoleyPearson.com

