Creating Your Estate Plan
Participant Workbook

Your name: ______________________________

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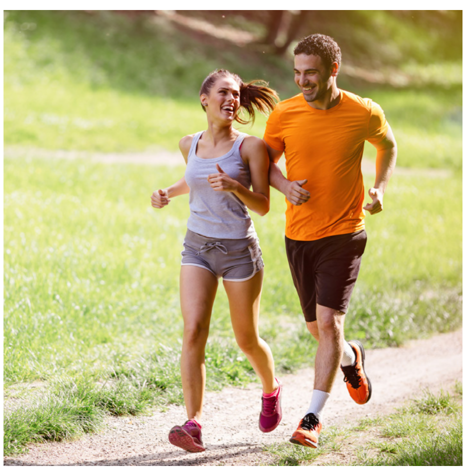
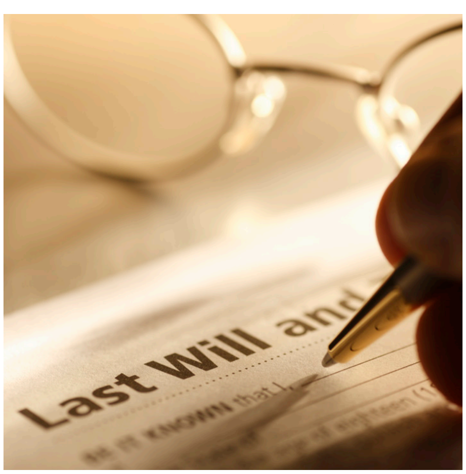
Welcome

Creating Your Estate Plan is a seminar designed to help you understand the importance of putting a plan in place to ensure your wishes will be carried out should you become incapacitated or die. During the course of this seminar, you'll become familiar with several processes and tools, including a will, trust, powers of attorney and life insurance. Understanding these estate-planning processes and tools can help you choose the ones that make the most sense for your unique situation.

The information contained in this workbook is for informational purposes only and is intended to provide a general overview of common estate considerations. Edward Jones, its financial advisors and employees are not estate planners and cannot provide tax or legal advice. You should consult a qualified estate-planning attorney or tax advisor to address your specific situation.





Seminar contents

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Creating Your Estate Plan

Seminar contents

Creating Your Estate Plan is a 60-minute investment primer designed to remove the shroud of mystery surrounding how estates work and empower you with the information you need to help you make informed decisions.

We believe that the more you know about the tools and strategies used by your financial advisor, the more comfortable you'll be with how your money is being invested.

This seminar will:

1. Help you become a more-educated investor.
2. Help you make better-informed decisions on your path to reaching your individual goals.

› The answers to these five questions will help provide you with a clearer outlook for your future.

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What are your goals for your estate?

- Leave a legacy?
- Direct future medical and financial decisions?
- Ensure your heirs receive your assets?
- Simplify the process for your heirs?
- Manage potential estate taxes?
- Other: ___________________________

You may want to leave a legacy so people will remember you. Maybe you want to direct future medical and financial decisions or ensure your heirs receive what you've worked so hard to build. Or you may understand that planning for your estate is an important part of your long-term investment strategy – and it's time to learn more.

Our goal is to introduce you to some of the various concepts and options available.

Notes

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Account registration & beneficiary designation

Having difficulty keeping track of all your accounts?

Consolidating your accounts might help.

Use the Estate-planning Organizer to list your assets and your current beneficiary designations.

It's important that your accounts are registered to the correct owners and that beneficiary information is current and accurate. This includes bank accounts, brokerage accounts, insurance policies, real estate, cars, recreational vehicles, etc.

Benefits

- Account registration impacts how your property is handled when you die.
- Assets of accounts with designated beneficiaries go directly to the person named and are separate from items listed in a will or trust.

Considerations

- If your accounts aren't properly registered, the assets may not end up where you want them to.
- When things change in your family, review your account beneficiaries. The birth of a child, marriage, divorce or death might all be triggers for changing your beneficiary designations.
- Make sure beneficiaries' names are spelled correctly on the account and that Social Security numbers and dates of birth are accurate.

Remember, if you own assets with beneficiary designations, assets generally will bypass probate and go directly to the named beneficiary.

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What is a will?

What is a will?

A legal document that governs the division and distribution of assets held in your individual name at your death. If you don't have one, all assets that have no designated beneficiary will pass by "intestacy" and be distributed according to the laws of your state. A will is also the document by which you indicate your choice of executor. If one is not named, the probate court will appoint an executor.

1. The process whereby your will is verified in the courts and power is granted to the executor to manage and distribute your assets is called:

A. Probate court proceedings

B. Trust

C. Counsel

2. Why should you work with an estate-planning attorney?

A. There are many potentially complex decisions to be made

B. Taxes can be complicated

C. To designate a guardian for minors or children with special needs

D. All of the above

E. None of the above

3. Who can you choose to be the executor of your will?

A. Friend

B. Relative

C. Attorney

D. Trust company or bank

E. All of the above

Consider the following when choosing an executor for your will:

- They can be a friend or relative but must be someone you trust.
- They must be comfortable working with courts, filing tax returns and distributing your assets.

The Answer Key is on Page 14

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Important documents

It's best to consult an attorney to discuss your specific situation.

As important as a will is, it only has power after your death. If you become incapacitated, it provides you and your family with no protection or guidance on how to handle your financial or medical decisions. There are three ways to help make sure sure your wishes are carried out on your behalf.

1. Durable power of attorney
Enables you to identify and empower a person to make financial decisions on your behalf while you are alive but unable to make them yourself.

2. Health care power of attorney
Enables you to identify and empower a person to make medical decisions on your behalf. Often called an advance health care directive or a health care proxy.

3. Living will
Enables you to express your desires about long-term, life-prolonging procedures if you become unable to communicate them clearly.

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What is a trust?

What is a trust?

A legal arrangement in which an individual (the trustor/grantor/settlor) gives fiduciary control of property to a person or institution (the trustee) on behalf of beneficiaries.

What are some reasons to establish a trust?

- To provide for a minor or a child with special needs
- To control or restrict inheritances
- To help defer or reduce taxes
- To provide for children from a previous marriage
- To provide for your family
- To make charitable gifts

Similar to the executor of a will, a trustee can be a family member, friend or professional trust company. However, that person or entity has greater responsibility, including:

- Establishing and implementing an investment strategy for the trust's assets
- Record keeping and providing accountings to beneficiaries
- Paying trust expenses
- Making distributions to beneficiaries according to the terms of the trust

If naming a family member or friend as your trustee might cause friction within the family, it might be wise to name a professional trustee or a professional trust company.

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Important tax consideration about trusts

When creating a trust, tax planning can be a consideration. Tax provisions are subject to change as new laws are passed. Anytime a major tax change is implemented, you will need to confirm with your estate-planning attorney and qualified tax advisor your trust is still as effective as you want it to be when it comes to tax considerations. Below are some current key tax considerations.

- The 2022 federal estate-tax exemption allows up to approximately $12.06 million of an estate to pass to nonspousal heirs tax-free.
- Beyond the approximately $12.06 million exemption, your estate will be taxed on a graduated scale between 18% and 40%. Estate taxes are generally due nine months after death.
- Be sure to review your estate plan whenever there is a change in law.

Did you know that some states may have estate or inheritance taxes in addition to federal estate taxes? Consult with your estate-planning attorney and qualified tax advisor to make sure your estate-planning decisions make the most sense for you.

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Types of trusts

To complete this activity, match the trust with its correct definition.

______1. **Testamentary trust**	**A.** Enables you to exclude life insurance proceeds from your estate because the trust owns the policies, not you.
______2. **Marital trust**	**B.** Sometimes called a family or bypass trust, this trust enables you to make the most of your federal estate-tax exemptions.
______3. **Credit shelter trust**	**C.** A trust created by the terms specified in your will.
______4. **Irrevocable life insurance trust (ILIT)**	**D.** This type of trust benefits a spouse and qualifies for a marital deduction.

The Answer Key is on Page 15

Notes

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Life insurance

As part of an estate plan, life insurance can help define your legacy and provide your heirs with funds to pay settlement costs without depleting your estate's value and assets.

Without life insurance, your heirs may have to use your savings, investments and nonliquid assets to fund funeral, probate and administrative costs, attorney's fees, state inheritance taxes and federal estate taxes.

In some situations, you may want to include life insurance as part of your estate plan. Always consult with your estate-planning attorney or qualified tax advisor to discuss how this and other estate-planning tools might fit in to your overall financial strategy.

Two types of life insurance

Term life insurance

Commonly used to protect survivors against financial hardship due to the death of the insured. Term life insurance is primarily suited to investors with short-term life insurance needs—generally 20 years—or those with a long-term need but a limited budget.

Benefits include:

- Death benefits paid to beneficiaries free of federal income tax
- Premiums that are initially less expensive than those of permanent life insurance

Permanent life insurance

Provides protection over your entire lifetime and builds cash value at the same time. The accrued dollars will generally be used to pay the higher cost of insurance as you age without increasing the annual premium.

Benefits include:

- Death benefits paid to beneficiaries free of federal income tax
- Coverage designed to last a lifetime
- Cash value that grows tax-deferred and can be accessed if needed

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Transfer on death

What is transfer on death (TOD)?
TOD is a service that allows you to designate beneficiaries for the specific assets in accounts held at a financial services firm.

It does not affect real estate or personal property. Insurance policies, IRAs, employer-sponsored savings plans and annuities also do not apply to transfer on death because those accounts already have beneficiary designations. The transfer on death designation does not avoid estate or inheritance taxes, but:

- It may help reduce the time and costs needed to transfer certain investments when you die.
- For assets subject to TOD designations, the probate process is avoided.

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My action plan

We never know what may happen in the future. All we can do is put the proper documents in place to help make sure our wishes will be carried out in case of an unexpected death or incapacitation. This action plan is designed to get you started.

Goal:

____

What can I do in the next:

48 hours ____

2 weeks ____

3 weeks ____

3–4 weeks ____

1 month ____

Annually ____

Action plan example

48 hours	Set a date to meet privately with your significant other or spouse to discuss your personal feelings about whom you would like as your executor/trustee/beneficiaries.
2 weeks	Gather all account information and update/confirm beneficiary designations.
3 weeks	Schedule an appointment with a financial advisor to discuss how planning for your estate fits into your overall financial strategy.
3–4 weeks	Meet with an estate-planning attorney and qualified tax advisor.
1 month	Put your estate plan into action!
Annually	Review your strategy to make sure it makes sense for your current situation. It may help reduce the time and costs needed to transfer certain investments when you die.

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Answer Key

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1. The process whereby your will is verified in the courts and power is granted to the executor to manage and distribute your assets is called:

A. Probate court proceedings

B. Trust

C. Counsel

2. Why should you work with an estate-planning attorney?

A. There are many potentially complex decisions to be made

B. Taxes can be complicated

C. To designate a guardian for minors or children with special needs

D. All of the above

E. None of the above

3. Who can you choose to be the executor of your will?

A. Friend

B. Relative

C. Attorney

D. Trust company or bank

E. All of the above

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Answer Key

To complete this activity, match the trust with its correct definition.

C 1. **Testamentary trust**	**A.** Enables you to exclude life insurance proceeds from your estate because the trust owns the policies, not you.
D 2. **Marital trust**	**B.** Sometimes called a family or bypass trust, this trust enables you to make the most of your federal estate-tax exemptions.
B 3. **Credit shelter trust**	**C.** A trust created by the terms specified in your will.
A 4. **Irrevocable life insurance trust (ILIT)**	**D.** This type of trust benefits a spouse and qualifies for a marital deduction.

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Glossary

Account registration – The process of properly identifying ownership of property, including bank accounts, brokerage accounts, retirement accounts, insurance policies, pensions, real estate and personal property.

Beneficiary – An individual, institution, trustee or estate that receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust or other contract.

Credit shelter trust – Sometimes called a family or bypass trust, this trust enables you to make the most of your and your spouse's federal estate-tax exemptions.

Durable power of attorney – Enables you to identify and empower a person to make financial decisions on your behalf while you are living but unavailable (out of the country) or incapacitated.

Estate planning – The process of documenting your wishes for your care and assets in the future.

Estate taxes – Taxes imposed on the transfer of property from the deceased to his or her heirs.

Executor – The person or firm designated to carry out the specifics of a will.

Gift tax – Tax levied on property that is transferred (as a gift) without any payment (monetary consideration) in exchange.

Health care power of attorney (also called an advance health care directive or a health care proxy) – Enables you to identify and empower a person to make medical decisions for should you become unable to do so.

Heirs – People who are in line to inherit a position of social status, property or financial gains.

Intestacy – In cases where there is no will, assets will be distributed according to the laws of the state.

Irrevocable life insurance trust (ILIT) – A type of trust that allows you to place your life insurance policies inside a trust so they will be excluded from your estate for tax purposes.

Life insurance – A contract in which an insurance company agrees to pay money to a designated beneficiary upon the death of the policyholder.

Living will – Enables you to legally indicate your wishes with for - OR - about life-prolonging procedures in case you should become unable to communicate them.

Marital transfer – The transfer of assets to your spouse.

Marital trust – This type of trust benefits a spouse and qualifies for a marital deduction.

Nonmarital transfer – The transfer of assets to anyone other than a spouse.

Probate proceeding – The court process for the distribution of assets made from the name of the deceased person to those entitled per the will or intestacy.

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Glossary

Revocable living trust – This type of trust can be revoked or changed at any time as long as the grantor of the trust is still living and mentally competent. With this trust, the grantor is usually the initial trustee, and the terms generally lay out the grantor's legacy plans, which go into effect upon the grantor's death.

Tax deferred – Income whose taxes can be postponed until a later date.

Tax exempt – An item that is not subject to taxation.

Testamentary trust – This type of trust is created by your probated will. Generally, the terms of the testamentary trust would be the same as a trust created upon your death under a revocable living trust, but the terms are specified in the will.

Trust – A legal arrangement in which an individual (the trustor/grantor/settlor) gives fiduciary control of property to a person or institution (the trustee) for the benefit of beneficiaries.

Trustee – An individual or organization that holds or manages and invests assets for the benefit of another. The trustee is legally obligated to make all trust-related decisions with the beneficiary's interests in mind and may be liable for damages in the event of not doing so. Trustees may be entitled to a payment for their services, if specified in the trust agreement.

Will – A legal document that governs the division and distribution of assets held in your individual name at your death.

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Q & A

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