



Four Peaks Planning, Inc.
Estate Planning

FOUR PEAKS PLANNING, INC. has been dedicated to providing quality revocable living trust estate plans affordable to most Arizona families since 2003.

Families may find revocable living trusts help prepare for a variety of situations that result in life. Common uses include:

- Ensuring assets are manageable during an incapacitation
- Maintaining a residence for dependents
- Reducing the time and potential costs to transfer an estate
- Distributing inheritances to younger beneficiaries in stages rather than lump sums

Our estate planners and attorneys will help you identify specific goals and prepare the proper legal documents.

Estate planning documents typically include a last will & testament, medical and financial powers of attorney for incapacitations, and a living will directing the use of life support.

We offer a comprehensive package with the above documents including a deed to transfer one Arizona real estate property to your living trust, for \$750.

The following pages will help you understand the differences between last will & testament- and living trust-based estate plans, determine your initial goals and narrow options on who will be named in different sections of your estate plan.

Visit our website for more information: www.fourpeaksplanning.com

If you have any questions, contact us anytime.

Sincerely,

Jamie Kahn, Owner
Four Peaks Planning, Inc.

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Four Peaks Planning, Inc.
Estate Planning Comparison

	Without an Estate Plan	With Estate Plan
<p>Incapacitation / conservatorship Only a court or physician can declare someone incapacitated.</p>	<p>When a court decides that you cannot make basic decisions, a conservator is appointed to prevent someone from misusing your assets. Court proceedings and records are open to the public. Court fees, legal bills, bonds and other costs can be taken from your estate.</p>	<p>Medical and financial powers of attorney and successor trustees can manage assets according to your written instructions during an incapacitation.</p>
	<p>Durable Financial Power of Attorney</p>	<p>Living Trust</p>
<p>Financial Power of Attorney considerations</p>	<p>This document appoints financial decision makers during an incapacitation.</p> <p>Some banks and financial institutions have their own “power of attorney” forms and do not accept financial power of attorney documents prepared elsewhere.</p>	<p>Successor trustees act as financial power of attorneys of assets in a living trust.</p> <p>While banks and related institutions will not always recognize generic powers of attorney, they will always recognize successor trustees, making the task easier for those managing the estate.</p>
	<p>Last Will and Testament</p>	<p>Living Trust</p>
<p>Privacy</p>	<p>A Last Will and Testament becomes accessible through the records office upon your death.</p>	<p>Living trusts are private documents, not recorded in Arizona and do not become public record. Only your beneficiaries may view the trust after you pass.</p>
<p>Control of assets</p>	<p>Assets remain in your name.</p>	<p>Asset ownership is transferred to the trust. Naming yourself the Trustor and Trustee gives you full control of trust assets.</p>
<p>Can changes be made?</p>	<p>Yes.</p>	<p>Yes – if the trust is revocable. Most living trusts are revocable.</p>



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Estate Planning Comparison

	Last Will and Testament	Living Trust
Guardianship of minors	Yes. A Last Will and Testament names guardians for children.	A living trust can separate the responsibilities of guardians and those managing children's finances. A trust can also maintain a residence for children and their guardians until schooling is finished.
Controlling distributions Prevent lump sum distributions from reaching young beneficiaries until they are fiscally mature.	A Last Will & Testament can create a testamentary trust to hold and distribute assets. Testamentary trusts assets do not avoid probate.	Living trusts can hold and distribute assets after the trust's creators pass.
Likelihood of probate Probate is a court process, not a tax, for reading a last will & testament and ensuring its instructions are followed.	In Arizona, real estate over \$75,000 or other assets totaling \$50,000 triggers probate, a process which can delay the transfer of an estate six to eighteen months.	None, if assets are properly titled or placed in a living trust. Even though probate is skipped, the estate must still repay all debts before distributions to beneficiaries are made.
Ease of contesting by an omitted heir	During a legal challenge, the estate is frozen until the dispute is settled. The estate pays for legal costs, which can diminish the estate value.	No Contest Clauses in living trusts automatically disinherit beneficiaries contesting the trust. The estate is not frozen while someone contests the living trust.
Maximize federal estate Tax exemptions In 2009, estates under \$3.5M pay no estate tax. Amounts over this limit are subject to taxes, which can approach 45%.	No. Married couples share one exemption.	Yes. A revocable living trust can allow each spouse to claim an exemption, passing up to \$7M to heirs without estate taxes.
Estate planning costs Four Peaks Planning, Inc.'s attorney-prepared documents	<ul style="list-style-type: none"> o Last Will & Testament o Financial Power of Attorney o Medical Power of Attorney o Living Will <p>\$500 (includes documents for a spouse or partner)</p>	<ul style="list-style-type: none"> o Revocable Living Trust o Last Will & Testament o Financial Power of Attorney o Medical Power of Attorney o Living Will <p>\$750 (includes documents for a spouse or partner)</p>



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Identify Estate Goals

Learn more about the topics below and more at www.FourPeaksPlanning.com

Check any topics applying to you. Add additional topics on back of page.

- Guardians for Children.** A last will & testament is essential for parents wanting input on their children's guardians. Otherwise, the state of Arizona alone determines guardianship.
- Separate Responsibilities.** A trust can separate the responsibilities of guardians and those managing the children's money.
- Control Distributions.** A living trust can hold money until a predetermined age or make partial distributions as beneficiaries reach certain ages, to avoid a lump sum payout to an young adult. Early partial distributions for reasonable education, health, maintenance or support requests can be approved by your pre-appointed Successor Trustees.
- Assist Blended Families.** If the deceased spouse owns the primary residence, a trust may allow a surviving spouse to continue living in the home before the home is distributed to the deceased spouse's heirs.
- Special Needs Provisions.** Inheritances for a beneficiary already receiving disability income person can legally be held in a trust (unless needed) to prevent disruptions of disability income.
- Avoid Probate.** Some assets already avoid probate: life insurance, retirement accounts and other assets listing living beneficiaries. In Arizona \$75,000 of real estate or \$50,000 of other assets combined can trigger probate. Actual costs associated with probate courts are relatively inexpensive but the process, according to studies in Arizona, can delay transfer of the estate by 6 to 18 months. In addition, costs can increase quickly if legal help is needed or the estate is contested.
- No Contest Clauses.** Living trusts contain No Contest Clauses revoking inheritances from those contesting your estate.
- Minimize Taxes.** Unless your estate is over the estate tax limit (in 2009: \$3.5 Million), your estate will likely have no estate taxes due. Married couples can double their estate tax exemption using features of a living trust. Most Arizona resident's tax issues will be limited to having a final tax return prepared. Living trusts do not affect your affect income taxes.
- Provide for Pets.** Pet food and vet visits can be costly. A trust can set aside a sum of \$5,000 - \$10,000 to reimburse the person who is kindly taken care of your pets. Any amounts left after your pets have passed can be returned to the estate or given to a charity.



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People In Your Estate Plan

Before creating your estate plan, take time to review these decisions.

For some plans, adult children can fill most of the roles listed below.

You will eventually need the full legal names of the people below to create your plan.

1. List 2-3 people you would consider to make medical decisions if you are incapacitated.
2. List 3-4 people to make your financial decisions if you are incapacitated and distribute your estate once you have passed.
3. List 2-3 people to act as Guardians of any minor children.
4. How and to whom do you wish your estate divided after you (and a spouse) pass?
Focus on percentages. Do not list small personal items such as jewelry, furniture, etc.
5. If your beneficiaries above pre-decease you, who are the next beneficiaries?
6. At what age do you think you could have maturely handled a lump sum gift of \$100,000?

Remember: Your estate plan, if revocable, can be changed by you any time. A reasonable goal is to name enough back-ups in roles above to cover the next ten to fifteen years, with the possibility of many more years beyond.

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