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## **ESTATE PLANNING INFORMATION**

**Calculate the value of your estate:**

<b>LIFE INSURANCE (pay out value):</b>	_____
<b>House &amp; real estate (market values):</b>	_____
<b>IRA's, 401K's, SEPs, 403Bs:</b>	_____
<b>Bank accounts:</b>	_____
<b>Mutual funds, stocks, bonds:</b>	_____
<b>Businesses:</b>	_____
<b>Miscellaneous: (collectibles, cars, jewelry, inheritances)</b>	_____
<b>TOTAL GROSS ESTATE:</b>	_____
<b>Less mortgages, debts:</b>	_____
<b>TOTAL NET ESTATE:</b>	=====

### **PROBATE:**

- 1. WILLS DO NOT AVOID PROBATE!!**
2. Probate is a court process that takes a minimum of 7 months and usually a year and a half to complete.
3. Attorney and executor fees for probate are calculated on a sliding scale based on your gross estate (do NOT deduct mortgage):
  - First \$100,000 at 4%
  - Next \$100,000 at 3%
  - Next \$800,000 at 2%
  - Remainder at 1% (up to \$9 million)

Examples:

If your GROSS estate is \$300,000 - the legal fees are **\$9,000** for the attorney and **\$9,000** for the executor for a total of **\$18,000**.  
If your GROSS estate is \$600,000 - the legal fees are **\$15,000** for the attorney and **15,000** for the executor for a total of **\$30,000**.

### **ESTATE TAXES:**

1. These are federal taxes assessed on your net estate - brackets are up to 40%
2. **LIFE INSURANCE IS INCLUDED AT DEATH PAYOUT AMOUNTS AND IS SUBJECT TO ESTATE TAXES**

3. For anyone may pass \$5.49 million (plus cost of living adjustments) without estate taxes  
**COMPLETE ESTATE PLAN:**

1. **Living Trust** (revocable) (can be Probate Avoidance or ABC)

- a) controls who gets your property and when
- b) tells who is in charge of your property
- c) **completely** avoids probate!
- d) can minimize or **eliminate** estate tax
- e) keeps property in trust for children until they are adults
- f) allows trustee to treat children differently according to their needs
- g) provides for care of your property if you are disabled
- h) provides for continuity in management of businesses

2. **Will** (pour-over):

- a) controls who gets your personal property
- b) distributes remaining property to your trust

3. **Community Property Status Agreement** (married couples only):

converts all jointly owned property to community property for maximum tax savings

4. **Nomination of Guardians** (if you have minor children):

names who you would like to care for your minor children (physical custody - who they will live with)

5. **Durable Power of Attorney for Management:**

- a) names someone who can manage your finances if you are incapacitated
- b) can avoid conservatorship proceedings (guardianship for adults)

6. **Advance Health Care Directive & HIPAA release**

- a) names someone to manage your medical/health care decisions – allows medical professionals to talk to those named in documents
- b) can authorize someone to "pull the plug", donate organs, handle burial, etc.
- c) can avoid conservatorship proceedings

**Other:**

1. **Will with Contingent Trust**

- a) if your assets are small, you are young and have minor children
- b) allows discretionary treatment with children
- c) allows money to be held in trust until children reach age you say
- d) prevents guardianship proceedings
- e) **does not** avoid probate, however

2. **Irrevocable Trusts and Children's Trusts:**

- a) if the **combined NET** estate (with spouse's half) is over \$10 millions
- b) or if family business involved
- c) can be used to take all insurance dollars out of both your and your spouse's estate
- d) if you need to provide for parents or handicapped or special needs child