



**Freitas Wealth Management Group**

Robert Freitas  
Partner | Wealth Advisor  
35 Varden Drive  
Suite B  
Aiken, SC 29803  
803-393-2441  
803-393-2436  
rfreitas@freitaswmg.com  
www.FreitasWMG.com



# The ABC's of Estate Planning

# The ABC's of Estate Planning

There is a common misconception that estate planning is something only the affluent need to do before they die. However, estate planning is important for everyone, regardless of income level or net worth. Planning for the disposition of assets upon your death can provide benefits to all the parties involved.

The greatest benefit may be in the knowledge that your wishes will be fulfilled. Naming your heirs, and relieving them of unnecessary expenses and stress by designating which assets they will receive, is preferable to having a court make such decisions for you.

In addition to designating your heirs, the estate planning process may include developing strategies to protect your assets, such as establishing a trust. Proper planning can help ensure that your assets go to the people you choose, and in some cases, it can help minimize taxes. An estate plan can also include advance directives to be carried out during your lifetime. For example, a durable power of attorney grants authority to another person to make legal and financial decisions on your behalf, in the event of your mental incapacity; a health care proxy grants authority to a person you choose to make health care decisions for you if you become unable to express your wishes; and a living will generally allows you to state your preferences regarding the giving or withholding of life-sustaining medical treatment.

## Put It In Writing

A will is the basis of any estate plan. In drawing up your will, obtain the guidance of a qualified attorney. Although you may think you can do it yourself, an estate planning professional has the experience to ask questions you may not have considered. For instance, would your minor children or grandchildren be able to manage an inheritance? Would you want your children's spouses included in your estate? If your estate were affected by a divorce or the death of a child, how might your wishes for the distribution of your assets change?

## Name Names

The first name to settle on is that of your executor, who will be appointed to administer your estate. Next, consider the beneficiary or beneficiaries of your insurance policies. Beneficiaries and contingent beneficiaries of assets in retirement accounts such as pensions, 401(k) plans, and Individual Retirement Accounts (IRAs), are kept on record with the retirement plan administrator, and these nominations take precedence over your will. Retirement assets pass directly to the beneficiaries, bypassing probate court, unless the executor of the estate is named.

## What About Estate Taxes?

Assets transferred to a spouse will not be subject to estate taxes, regardless of value. However, transfers to other beneficiaries, such as children, may be subject to Federal estate taxes if they exceed the applicable exclusion amount. In 2013, Federal estate taxes have an exclusion amount of \$5.25 million and a top tax rate of 40%.

Certain vehicles can be used to fund the payment of estate taxes, such as life insurance policies and trusts. For high-value estates, a gifting program is often used to reduce the value of the estate, thereby minimizing taxes. For specific guidance, be sure to consult your qualified tax and legal professionals.

Regardless of your net worth, take steps now to help ensure that your intentions will be followed as directed, and that provisions will be made for your loved ones.

## IMPORTANT DISCLOSURES

Investment advice offered through [Stratos Wealth Advisors, Ltd](#) ., a registered investment advisor.

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, legal, or retirement advice or recommendations. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable — we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.



Freitas Wealth Management Group  
Robert Freitas  
Partner | Wealth Advisor  
35 Varden Drive  
Suite B  
Aiken, SC 29803  
803-393-2441  
803-393-2436  
[rfreitas@freitaswmg.com](mailto:rfreitas@freitaswmg.com)  
[www.FreitasWMG.com](http://www.FreitasWMG.com)

