



WEALTH TRANSFER OVERVIEW

At some point, your wealth will transfer to the next generation. Do you have a plan for how your assets will be distributed? Do you know who will receive your assets? Who will manage your estate or business? Who will manage your assets and your medical care in the event of disability or incapacitation?

It is hard for many of us to think about these questions; however, if you don't have a plan in place, the state will distribute responsibility and assets according to its own system, which may not be in accord with your wishes. That's why it's important to spend time thinking about these issues and establishing a wealth transfer plan.

Wealth transfer planning involves the smooth transition of wealth to the next generation, or to charities, according to *your* wishes. There are several matters you may want to consider when thinking about wealth transfer:

- **Security for family and friends**—Strategies for providing adequate resources for family and friends in the event of your premature death.
- **Family bank (dynasty trust)**—A trust maintained for the benefit of other family members, with loans made under very favorable terms. The principal is maintained and managed to benefit each succeeding generation of heirs. If properly structured, it can escape future estate and generation-skipping transfer taxes.
- **Business succession**—When and how to retire from the business. If you own a business, you will have to develop a succession plan and decide whether to sell the business or give it away during life or at death.
- **Planning for incapacity**—A plan to manage day-to-day affairs or to make medical decisions when you are not mentally or physically able to make them.
- **Children of a previous marriage**—A plan that takes into consideration providing for a surviving spouse while ensuring that the ultimate beneficiaries are children from a previous marriage.
- **Lifetime giving**—Gifts that allow you to actively manage the process of transferring wealth to the next generation, as well as benefit from significant tax advantages.
- **Managing probate**—Probate is a court-supervised process to finalize your estate after your death. There are basic estate planning documents you should have to simplify this process and reduce costs.
- **Equalizing inheritances**—Most parents want to treat their children equally, but it may not be feasible or desirable to split an asset equally among all beneficiaries. There are several ways to organize your assets to ensure that your children will receive comparable inheritances.

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Wealth Transfer Overview continued

Although it may be difficult to think about and plan for death, it is vital to the survival of your estate and may be essential to the financial well-being of your family as well. Wealth transfer planning is an important part of managing your wealth.

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