



The Peninsula Center
for Estate and Lifelong Planning
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Estate Taxes are Not the Only Reason to Plan

Today, 99.8% of estates owe no estate tax at all, according to the Joint Committee on Taxation. Only the estates of the wealthiest 0.2% of Americans — roughly 2 out of every 1,000 people who die — owe any estate tax in 2017. This is because of the significant increase in the estate tax exemption over the past fifteen years. As a result, the focus for many people has shifted from minimizing estate taxes to minimizing capital gains and income taxes. However, estate planning is about more than just minimizing taxes; it's about planning for life.

When you focus on life planning, you can use estate planning tools to your benefit today, and to the benefit of your beneficiaries in the future. Proper estate planning can help you:

- Organize assets to minimize the impact of a disability (yours or a beneficiary's)
- Avoid probate and its associated delays and expenses
- Minimize income taxation
- Protect assets from creditors and predators
- Ensure protection of the assets you leave to your children and grandchildren
- Instill your values in your descendants

Proper planning also comes with the emotional benefit of knowing that your affairs are in order and that there will be an orderly transition for you, your spouse or partner, and your loved ones at your death, and theirs.

One of the biggest advantages to creating a formal estate plan is that it can be customized to virtually any circumstance or desire that you have. No matter how

simple or complex your family dynamics are and no matter the size of your estate, you can arrange for the distribution of your assets exactly according to your wishes. Another consideration is how your family and loved ones will deal with something such as an incapacity. Estate planning tools such as a Health Care Power of Attorney or a General Durable Power of Attorney will ensure that someone you trust can make decisions on your behalf if you become mentally incapacitated. This life-planning tool will ensure comfort for your family and loved ones if something happens to you.

One of the most common and flexible estate planning tools is the Revocable Trust. This tool can keep your affairs private after your death by avoiding the need for Probate. It can also address matters such as an incapacity and help you reinforce the values that you've instilled in your loved ones by using Trust income to encourage or discourage a beneficiary's behavior.

Clearly, a properly drafted estate plan is more of a life plan than a tax-savings tool, and there are many more planning options that we have not mentioned here. It's important to consult with an estate planning attorney to discuss your particular circumstances and to draft a sound estate plan.

This publication is intended for general information purposes only and is not to be construed as providing legal advice. You must consult an attorney to discuss how the laws apply to your specific situation and how to best implement a plan that will meet your individual goals and objectives. If we can be of assistance in that regard, please call us at (757) 969-1900 to schedule a consultation appointment.