

Various Estate Planning Arrangements

A Summary of Benefits

Benefits	No Will	Basic Will	Trust Will	Basic Living Trust	Bypass with Living Trust	Bypass, QTIP, ¹ & Living Trust
1. Allows you to select:						
a. Beneficiaries of estate,	No	Yes	Yes	Yes	Yes	Yes
b. Executor of will,	No	Yes	Yes	Yes ²	Yes ²	Yes ²
c. Guardians for children, and	No	Yes	Yes	Yes ²	Yes ²	Yes ²
d. Trustees of trust.	No	No	Yes	Yes	Yes	Yes
2. Avoids probate costs.³	No	No	No	Yes	Yes	Yes
3. Provides asset management for children over age 18.	No	No	Yes	Yes	Yes	Yes
4. Protects estate owner from a conservatorship.	No	No	No	Yes	Yes	Yes
5. Designed to save death taxes for couples.	No	No	Maybe ⁴	No	Yes	Yes
6. Allows the first spouse to die to determine the ultimate beneficiaries of the estate in excess of \$12,920,000⁵, while still deferring the death taxes.	No	No	Yes	No	No	Yes

¹ QTIP stands for qualified terminable interest property trust.

² Each living trust is generally accompanied by a “pour over” type of will which picks up assets not put into the trust during lifetime and transfers them after death. Executors/guardians are named in a will.

³ If all of the assets are in the living trust, and such trust is properly structured, probate is not necessary. However, there will usually be some expense for legal advice or the transfer of assets not in the trust. Without a trust, probate costs may be substantial.

⁴ Some trust wills contain bypass trusts designed to save death taxes, while others merely manage assets.

⁵ The applicable exclusion amount is the dollar value of assets protected from federal estate tax by an individual's applicable credit amount. For 2023, the applicable exclusion amount is \$12,920,000. In 2022, the applicable exclusion amount was \$12,060,000. Source: Internal Revenue Service (IRS).

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Brief Description of Arrangement

- **No will:** Your estate passes to heirs picked by the legislature.
- **Basic will:** Generally passes everything to your spouse, if living, otherwise to your children when they reach age 18.
- **Trust will:** May contain bypass and QTIP trusts or may pass everything to your spouse, if living, otherwise for children.
- **Basic living trust:** Designed to avoid probate and provide asset management.
- **Bypass with living trust:** Designed to set aside assets for specific heirs while giving the surviving spouse income and flexibility. Appreciation on assets inside the trust can avoid estate tax.
- **Bypass and QTIP with living trust:** Same as the bypass with living trust, plus it gives the first spouse to die more control over who will eventually receive his or her assets after the surviving spouse dies. Also called a QTIP trust.

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