



DO YOU NEED A WILL IF YOU DON'T HAVE AN ESTATE TAX ISSUE?

*Willis W. Hobson
Trust & Estate Planner
Senior Vice President
Hilliard Lyons Trust Company, LLC*

There is a lot more to estate planning than simply avoiding estate taxes. As of January 1, 2011, we have an exemption against Federal Estate Taxes at \$5 million. This exemption will only last for two years. In 2013, the exemption will drop to \$1 million. The exemption of \$5 million has eliminated the tax on many estates. It has not eliminated the need for estate planning.

If you die without a will, your state legislature has provided one for you. The state provided plan is rarely one the average person would prepare for themselves. Most state imposed plans provide that if the decedent is married, the surviving spouse is only entitled to a portion of the decedent's estate, usually not more than 50%, and frequently less. Sometimes the fraction the surviving spouse is entitled to is based on the number of children involved. The more children there are, the less the surviving spouse takes! In those cases, the balance of the estate passes to the children. If the children are under 18, the inheritance is supervised by the local disability court until the child reaches that ripe old age. At that point, it is given to the child with no strings attached.

Owning assets subject to the terms of a contract such as an account held by two or more people, jointly with rights of survivorship, ensures that the surviving owners will receive the share of the deceased owner. Other examples of contractual ownership arrangements include IRAs, retirement plans, life insurance policies, or annuities; all of which designate the new owner at the death of the previous owner. While these plans are effective, it is virtually impossible to own all of your assets under some form of contractual method. If you pass away without a will, any asset not covered under a contractual form of estate planning will be distributed according to the state imposed plan.

Crafting a detailed personalized estate plan, designed to cover all assets not held subject to a contract, allows you to address your unique concerns and issues. Not only does an estate plan ensure that your wishes regarding your estate will be honored; it prevents unnecessary governmental interference in your family's financial affairs.

The need for a will is not governed by the size of your estate, but by your desire for control over the disposition of your assets at the time of your death. Be sure to take advantage of the opportunity to provide for your family and personal interest in a thorough comprehensive manner.

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