Advanced Estate Planning Strategies
Everyone Needs an Estate Plan
Your Hard Work Matters

What you’ve worked hard for is precious. 
Preserve it today with holistic estate planning.
What You Can Do to Protect Yourself and Your Loved Ones

- Document your choices
- Execute documents enabling others to make decisions if you cannot:
  - Durable power of attorney
  - Medical directives
- Create a last will and testament
- Establish a trust
- Consider estate and other tax laws
- Choose a guardian and care plan for your minor or special needs children, reflect your decision in your will and prepare guardianship documents
- Change account titling and verify beneficiary designations
What You Can Do to Protect Yourself and Your Loved Ones (continued)

☑ Incorporate your life insurance coverage as a key estate planning tool:
  • Ensure any outstanding debts are paid
  • Provide funds for college/higher education
  • Fund a trust
  • Provide liquidity to help pay any estate taxes that may be due
  • Manage estate taxes
When There’s A Will…

• Makes your wishes known
• Makes it easier for your family
• Avoid intestacy
• Reduce expenses, taxes
Creating Tax Efficiencies
Federal Estate Taxes

- Lifetime Gift Tax Exemption ($11,700,000*)
- Estate Tax Exemption ($11,700,000*)
- Generation-Skipping Transfer Tax Exemption ($11,700,000*)

* Amount for 2021, indexed annually for inflation. Note that unused portion is portable to one’s spouse. This slide is for information only – please consult your CPA or tax advisor for more information.
Does Your State Have an Estate or Inheritance Tax?

- State Estate Tax
- Inheritance Tax
- Inheritance & State Tax
- Neither
Portability of Exemption of Spouses

- Surviving spouse can use decedent’s unused exemption
- Benefits the surviving spouse
- Continued need for planning remains
- Does not apply to GST tax
Gifting Goals

- Leave more to family, less to government
- Keep estate assets intact
- Reduce future estate tax exposure

Gift $30,000 to Each
General Types of Trusts

- Revocable trust
- Irrevocable trust
Credit Shelter Trust

- Take advantage of tax exclusions
- Consider the impact of state estate taxes
- Consult with tax or legal professional to see if this strategy is right for you
Common Trusts for High-Income Individuals

- Irrevocable Life Insurance Trust (ILIT)
- Charitable Remainder Trusts (CRT)
- Qualified Personal Residence Trust (QPRT)
- Qualified Terminable Interest Property (QTIP)
Spousal Lifetime Asset Trust (SLAT)

Grantor Spouse

Gifted $$$ from grantor spouse

Beneficiary Spouse

Distributions, via trustee, to beneficiary spouse

Future Heir

Distributions to other trust beneficiaries

Irrevocable Life Insurance Trust (ILIT)

Life Insurance Policy

The ILIT pays premiums to the insurance company

Upon death, the death benefit is paid to the ILIT income and estate tax free, generally

The trustee, at their discretion, can make distributions to the spouse while living

Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.
Special Needs Estate Planning Considerations
Estate Planning Fails

Beneficiaries not up-to-date.
Former spouse was listed as beneficiary on financial assets.

Paid too much in taxes.
Planned without professional guidance, leaving out key tax provisions that would have saved the family $450,000 in estate taxes.

Died without a will, leaving it up to the state intestacy laws to determine who gets what.

**Solution:** revisit your estate plan after major life events (e.g., divorce, moved to a new state) or government changes (i.e., tax law changes).
5 Steps to Successful Estate Planning
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1. **ASSEMBLE A SUPPORT TEAM**
   - Estate planning attorney
   - Financial advisor
   - Tax advisor and/or tax attorney

2. **ANALYZE YOUR CURRENT SITUATION**

3. **IDENTIFY GAPS AND SOLUTIONS**

4. **EXECUTE YOUR PLAN**

5. **REVIEW PERIODICALLY**
5 Steps to Successful Estate Planning

- Assemble a support team
- Analyze your current situation
- Identify gaps and solutions
- Execute your plan
- Review periodically

- Assets/liabilities
- IRAs & retirement plans
- Beneficiary designations
- Life insurance
- Annuities
- Deeds
5 Steps to Successful Estate Planning

ASSEMBLE A SUPPORT TEAM

ANALYZE YOUR CURRENT SITUATION

IDENTIFY GAPS AND SOLUTIONS

EXECUTE YOUR PLAN

REVIEW PERIODICALLY

• Determine if current needs are being met
• Determine if future needs have been contemplated
5 Steps to Successful Estate Planning

1. Assemble a Support Team
2. Analyze Your Current Situation
3. Identify Gaps and Solutions
4. Execute Your Plan
5. Review Periodically

- Select beneficiaries, trustees, agents, and patient advocates
- Sign necessary documents
- Purchase necessary insurance
5 Steps to Successful Estate Planning

1. Assemble a Support Team
2. Analyze Your Current Situation
3. Identify Gaps and Solutions
4. Execute Your Plan
5. Review Periodically

Review your estate plan every three years because of potential:

- Changes in tax laws
- Changes in family situation
- Make revisions as needed
Is Your Estate Plan in Order?

Do It Yourself

Estate Planning Checklist

Pathways Speaker Provided

eMoney Cash Flow Analysis & Life Insurance Gap Analysis
Questions?
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