



▪ **HELPFUL TERMS TO KNOW FOR** ▪ **ESTATE PLANNING**

Advance Medical Directive: This document, commonly known and referred to as a “Living Will,” sets forth your desires and provides instruction to medical providers regarding medical treatment and procedures in the event you are in a state of permanent unconsciousness or are in an end of life condition.

Assets: Anything of value, including tangible personal property, savings, annuities, individual retirement accounts (“IRA”), life insurance and real estate.

Durable Power of Attorney: A legal document giving your designated agent authority to act on your behalf and take all actions that you would otherwise take. A durable power of attorney remains valid and permits your agent to continue to act on your behalf in the event of your incapacity. The power that is granted to your agent by a Power of Attorney ends upon your death. You should select your agent (the person to whom you grant this authority) carefully. Your agent should be a person whom you trust to act in your best interests.

Estate: Your assets and debts at the time of your death.

Estate Plan: A well crafted estate plan will insure that the people and institutions that you desire will inherit your property and may also minimize inheritance and estate taxes owed at your death. An estate plan typically includes a Last Will and Testament (“Will”), Durable Power of Attorney, Health Care Power of Attorney and Advance Health Care Directive (“Living Will”). A trust may also be advisable, depending on your particular needs and intentions.



Executor: An Executor is a person (and/or institution) named in your will who serves as your personal representative in the probate of your estate. At your death, your Executor acts as your agent in the disposition of your estate. The duties of an Executor usually include offering your original will to the county Register of Wills for probate, gathering assets, paying any outstanding debts lawfully owed at the time of your death, taxes, and other expenses, and distributing the remaining assets to the beneficiaries specified in your will. Selecting an Executor is an important decision. Factors to consider in choosing an Executor:

- Integrity, honesty, and loyalty
- Competence
- Ability and willingness to serve
- Sensitivity to family needs
- Lack of conflict of interest
- General knowledge of the nature, value and extent of your assets
- Geographic proximity to the county in which the estate will be probated

Giftng: Gifts to family or charity is common and commendable. However, gifting may involve issues relating to federal estate and gift taxes, income taxes, real estate transfer tax, state inheritance taxes and other issues. Under current federal law, an individual may gift up to \$13,000 per donee, per year, without incurring gift tax and without utilizing a portion of the federal exemption amount. It is important to seek professional legal and tax advice prior to engaging in any significant gifting program.

Health Care Power of Attorney: A legal document giving the person(s) that you designate as your health care agent authority to act on your behalf in matters relating to your medical care.



Intestacy: When a person dies without a will, his/her assets (including real estate, money and other property), will be distributed according to the Pennsylvania Intestacy laws. Without a will, you do not have the ability to control how your property will be distributed upon your death.

Joint Tenancy: This is a type of property ownership giving the surviving co-tenant ownership over the property. This is often referred to as: *Joint Tenancy with Right of Survivorship*.

Special Needs Trust: This type of trust allows an individual with disabilities to benefit from the resources of the trust without jeopardizing their eligibility for various public benefits such as Medical Assistance, Supplemental Security Income or Mental Health benefits.

Tenancy by the Entirety: A type of ownership reserved exclusively for a husband and wife, which creates rights of survivorship, meaning that when one spouse dies, the surviving spouse inherits the entire property.

Tenancy In Common: A type of property ownership. When one tenant in common dies, his/her percentage interest descends or passes by will or intestacy, and his/her descendant(s) becomes a tenant in common with the surviving co-tenant(s). Each tenant's interest is subject to attachment by his/her creditors.

Trust: A trust is a legal arrangement in which one party (an individual, group or organization) holds and manages property for the benefit of designated individuals. The person establishing the trust is called the "Settlor" or "Grantor". The person or entity that is charged with the duty of managing the trust assets is called the "Trustee". Many of the same criteria used in selecting an Executor also apply when choosing a Trustee.

Will: A will is a document that directs the disposition of your property after your death. A will identifies the individual(s) you select to administer your estate (i.e. your Executor and/or Trustee), and may include provisions designed to minimize inheritance and estate taxes. A will may also contain guardianship and trust provisions for minor children or individuals with special needs.

We hope this information has been helpful to you. Please contact our office to discuss your estate planning needs or concerns.

The information contained in this handout is for informational purposes only and is not legal advice. Nothing in this handout should be deemed to create or constitute an attorney-client relationship between any readers and this firm. An attorney-client relationship is created only when this firm agrees to represent someone and a written employment agreement or engagement letter is signed by both the client and attorney. In all cases, the reader should consult his or her own attorney for advice. The information in this handout is based on Pennsylvania law.

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