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# **BIBLICAL PRINCIPLES OF MONEY MANAGEMENT**

# LESSON 8

# Wills & Trusts

# Estate Planning



# Differences

<b>LIVING TRUST</b>	<b>vs.</b>	<b>WILL</b>
Takes effect while you're alive		Takes effect at death
Skips probate court		Goes through probate court
Harder to change		Easy to change
Does not involve guardianship		Names guardianship of children
Assets transfer immediately		Transfer of assets can take time
Stays private		Becomes public
Can involve expensive fees		Affordable



# A Will or Trust or Both?

- ◉ There are certainly advantages to each, but as you'll see later, they might operate best in tandem.
- ◉ Some people choose a trust over a will because of the fact that trusts aren't subject to probate proceedings as long as all of your assets are held within your trust. This means everything isn't out in the open, and your assets and financial records won't become public record. There is no court supervision needed if disputes arise either — your successor trustee will manage it all.

# A Will or Trust or Both?

- ◉ A will is going to almost always be less expensive to prepare than a trust and is done when it's done, while your trust will change as your life goes on. This means the ongoing developments to your trust will come with additional expenses.

# A Will or Trust or Both?

- ◉ Because you manage your trust while you're still alive, you can continue to transfer your estate into your trust over time. However, anything you leave out will go into probate unless you arrange for them to go into your trust upon your death. People sometimes choose a trust over a will because you can make provisions to your trust for your estate if you become incapacitated, while your will cannot, unless via power of attorney. Trusts typically are much more specific in these matters, however.

# A Will or Trust or Both?

- ◉ With a will, you can name a guardian for your children, but with a trust, you can choose someone to manage the assets you've set aside for your children until they come of age. This is one of the main reasons some people have a will in addition to a trust.

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# Will



# In the State of AL

- ◉ You must be at least eighteen (18) years old.
- ◉ You must be of sound mind.
- ◉ A Will must be in writing, signed by the testator and by two witnesses. If the testator is unable to physically sign his name he may direct another party to do it for him. This party may not be counted as one of the two required witnesses.
- ◉ Each witness must either see the testator sign the Will or be told by the testator that the signature on the Will is his and must sign the Will in the testator's presence and in the presence of the other witness.

# Will Best-Practices:

- ⦿ While hand-written wills are no less legal in most states, a type-written will is preferred.
- ⦿ Number each page of your will.
- ⦿ In some states, you must initial each page of your will.
- ⦿ You will cannot have staples removed. If you staple the pages, don't remove the staples. It will appear that someone altered your will and may void your will.

# Probate Process

- ◉ Testate – you die with a valid will
- ◉ Intestate – you die without a valid will
- ◉ If a person dies without a Will the beneficiaries can not dispute the court's distribution of that person's estate under the intestacy laws. Even if that person expressed different wishes verbally during their lifetime the statutes control the distribution. With a valid Will, a person can legally determine how their property will be distributed... and to whom.

# Things a Will Cannot Control

- ◉ Who receives your life insurance proceeds. You set your beneficiary through your policy.
- ◉ Who receives money from your retirement accounts.
- ◉ Joint checking and bank accounts go to the survivor.
- ◉ Joint real estate goes to the survivor.
- ◉ Joint property, such as cars, go to the survivor.



# Trust

Trusts & Wills	Names Guardians for Minor Children	Probate Court	Can be Revised	Private or Public Record	Tax Benefits	Creditor Protection
Trusts	No	No	Yes, if a revocable trust	Private	Yes, if an irrevocable trust	Yes, if it is an irrevocable trust
Wills	Yes	Yes	Yes	Public	No	No

# Assets to Include in a Trust

- ◉ Real Estate
- ◉ Personal property with a title document (e.g. motor vehicles, boats, RVs, mobile homes.)
- ◉ Other personal property (e.g. “all household goods,” bank accounts, investment accounts, etc. Financial accounts typically have an assigned beneficiary listed with the institution.



# 2 Other Important Docs

- ◉ Durable Power of Attorney
  - Who will act for you when you are certified as incapacitated?
    - Payment of bills
    - Securing/paying debts
    - Managing your business affairs
- ◉ Power of Attorney for Health Care
  - Who shall speak for your health care when you are certified as incapacitated?
    - Do you wish to be put on a feeding tube?
    - Do you wish to be admitted to a nursing home?

# Costs

- ◉ The cost of a will can range from free to thousands of dollars.
  - ◉ The cost of a trust can range from free to thousands more than a will.
  - ◉ The cost of each depends on whether you will create one or both for your needs.
1. Seek out the services of a competent lawyer
  2. Do it yourself: [Nolo.com](http://Nolo.com) / [Legalzoom.com](http://Legalzoom.com)

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