



ESTATE PLANNING  
CHECKLIST





# Estate Planning

You have worked hard throughout your career to create a secure and comfortable lifestyle for you and your family. Because of your success, it is highly likely you will leave an estate for your heirs.

Unless you plan now for that future event, state laws, the courts and tax authorities will determine who inherits your assets and how much the government will receive.

Creating an estate plan may look like a difficult task. However, like most things you have achieved, everything starts with a “first step.”

American National Insurance Company has prepared the “First Step” guide to help you with your estate planning. The following page will ask you a small number of questions arranged in four

categories, each requiring a “Yes” or “No” answer. Following the work sheet is a concise statement as to why each question and your responses are important.

Your American National insurance agent will help you launch your planning process by completing this brochure with you.

With just a little forethought and effort, you can set in motion a process that will protect your assets for the future generations of your family.

# American National Insurance Company

## Your Estate Planning Checklist

Estate planning isn't just needed by high-income earners; every parent, spouse, business owner or professional should have an estate plan. With a proper and current estate plan, you can dramatically reduce the stress on your family, be sure your business survives and reduce cost of distributing your estate.

Please check all that apply.

### Taking an Inventory of Your Estate

- Are all your important papers together and identifiable?
- Do you have a list of your personal data?
- Do you have a will or wills?
- Does your executor know where they are?
- Do you need/have a trust agreement?
- Do you have a buy-sell agreement for your business?
- Do you have a succession plan for your business?
- Do you have a current net worth statement?
- Have you made arrangements for access to safe deposit boxes, bank and other financial accounts?
- Have you purchased or updated your life insurance portfolio?
- Do you keep a list of passwords for various accounts?

### Your Executor and Trustees

- Have you chosen your executor?
- Have you selected a trustee for each trust?
- Have you selected someone to hold your power of attorney?
- Does this person know of your choice and have you discussed your wishes with them?

### For Your Family

- Have you had a family meeting to talk about your estate plan?
- Does your family know who you've appointed as your executor and who has your power of attorney?
- Has your family met your professional advisors?
- Have you made beneficiary designations for all benefit plans including IRAs, 401(k)s and life insurance policies?
- Is your life insurance beneficiary information up-to-date?
- Have you selected a guardian for your minor children?

### Setting Your Priorities

- Have you specified how your assets are to be distributed?
- Will there be a source of income for your family when you die?
- Do you know what the tax exposure is on your estate?
- Do you know how any taxes will be paid?
- From what assets will your final expenses be paid?
- Do you have sufficient liquidity to settle your estate?
- Do you have large illiquid assets?

Neither American National nor its representatives gives legal, estate planning, tax or accounting advice. Consult your attorney, accountant or personal tax advisor.

Name		Date
Address		
City	State	Zip
Telephone Number	Email	



# Things to Consider

## Your Important Papers

Upon death or disability important documents need to be quickly located. Make sure your family and executor know where to find your will, insurance documents, trusts, deeds, stock and bond certificates, bank account information, tax files, information on any other assets you own and your final arrangements.

## Your Personal Information

You should make sure your family and executor have a copy or know where to locate your personal data. This information should include your Social Security number, driver's license number, date of birth, employment, location of computer passwords, etc.

## Your Executor

After your death, this person will implement the provisions of your will. The executor should be named in your will and advised in advance of their future role in executing the provisions of your estate.

## Your Will

This legal document contains your decisions on how your assets are to be distributed from your estate. If you die without a will, state law will decide who gets your assets. You can also use your will to name your executor, select the guardian for your minor children, establish trusts and make final arrangements. Your will is only valid if executed, which means it must be signed by you and witnessed and preferably notarized. Generally, review and if necessary, update your will at least once every five years or more frequently when there is an important event such as the birth of a child, a marriage, divorce, family death or new estate tax law.

## Your Trusts

You may or may not need one or more trusts. Trusts can be used to pass assets to beneficiaries quickly and outside of the probate process. Larger estates will use trusts to reduce or eliminate estate taxes. There are many kinds of trusts that are valuable estate planning tools. Properly drafted and implemented trusts can help you to achieve a variety of important goals, including charitable giving, family wealth preservation, asset protection and special needs of beneficiaries.

## Your Business and Buy-Sell Agreements

If you are a part owner of a business, your estate planning should include a plan to protect the business and create a ready market for the sale of your ownership interest in the business upon your death. Normally, businesses will have a buy-sell agreement in place for your partners or other individuals to purchase your interest. A buy-sell agreement is not typically contained in a will. It normally exists in one of the business organization documents, such as a partnership agreement, in an operating agreement, or as a separate stand-alone document. Life insurance purchased during your lifetime and that of the other owners usually provides the money needed to fund these agreements.

## Your Business Succession Plan

Your business may be distributed under the terms of your will or sold to one or more individuals who you name in your will. This often occurs in family-owned-and-operated businesses. Without a plan, you risk that your family may lose control of the business or that the business will not survive.

## A Net Worth Statement

This financial summary allows your executor to understand the size and content of your estate. It can be useful in locating assets and determining that all assets have been identified. For example, the net worth statement should detail your real property and personal property assets. You should also detail your bank and brokerage accounts, retirement accounts and other personal sizable assets, including, for example, hobby and antique collections.

## Access to Financial Accounts

In addition to knowing where your financial accounts are located, the executor and sometimes beneficiaries will need access to these accounts. You can make these arrangements during your lifetime to make sure access will not become a problem for your executor or family after your death.

## Your Life Insurance

Life insurance death benefits that are paid tax free can quickly and effectively provide cash to your family and estate. This cash can be used to provide financial security for your family, who may have lost their major breadwinner, to pay debts due at death and final expenses. You should assess and update your life insurance profile every year.

## Choosing Your Executor

Think about who you might appoint executor of your estate. Common choices are your spouse or an adult child. You may also appoint more than one executor as “co-executors.” You may also appoint a professional executor. This selection can relieve family members of the responsibility and can reduce family stress from the potential problem of the executor being a beneficiary under the will. Choosing a parent may not be good as they may pre-decease you.

## Appointing a Trustee

Every trust must have a person or professional trustee to manage it. Trusts can be created and operated during your lifetime and other trusts may become effective at your death. Trusts that are created at death are typically created by a provision in your will. Trusts are very useful tools to pass wealth outside of your estate. For example, they can be used to pass wealth to a charity, to children, to leave a legacy for future generations, protect your assets from potential creditors, and pay federal and state estate taxes. Even if you do not have a taxable estate, a trust can protect assets from beneficiaries and their spouses.

## Using a Power of Attorney

Through a Power of Attorney document, you authorize another person to act as your agent to make certain decisions on your behalf. A Power of Attorney could, for example, be used to have a designated person make certain business decisions, sign your name to documents and otherwise act as your proxy. A second type of Power of Attorney called a durable Power of Attorney for health care, authorizes someone you have selected to make medical decisions for you if you cannot do so for yourself. Power of Attorney can be “active” at all times or they can “spring up” from incapacity. If you have someone you trust, having an Active Power of Attorney will be superior to a Springing Power of Attorney that only becomes effective on your disability. The Springing Power of Attorney would require proof of disability.



# Things to Consider

## **Provide Notification to Each Executor, Trustee or Power of Attorney**

You should discuss with each potential candidate you have identified what their role will be. You should describe what you expect each appointee to do. Serving in any one of the above enumerated capacities can be viewed as a burden and not all candidates will want or think that they can perform the tasks. Once selections are made and confirmed, these should be memorialized in writing. The executor should be in the will document. A trustee is named in the trust document or will. A Power of Attorney is appointed through a separate legal document. You can inform the individual named they will have the assistance of professional advisors but the duties may be time consuming.

## **Discuss Your Estate Plan with Your Family**

You should make sure your family and others with an interest in your estate are fully informed of your plans. This discussion can occur at a family meeting. The occasion can also be used to provide family members with an opportunity to provide you with their input. This meeting can provide many benefits including creating family harmony, defusing future interfamily problems created by decisions made by your will and avoiding costly challengers to your estate after your death.

## **Your Family, Your Executor, Trustees, and Power of Attorney Appointees**

Advise your family during your lifetime of your selections of executor, trustees and Power of Attorney appointees. Sharing this information gives family members time to discuss the selections with you. This can prevent friction, stress and avoid time-consuming and costly challenges to your estate after your death.

## **Your Advisor Team**

Your family should be aware of any advisors who assisted you to assemble and implement your estate plan. The list should include your insurance agent, lawyer, accountant, CPA, banker, financial planner and any other specialists who have been involved. Often some of these professionals will assist your family after your death.

## **Life Insurance Beneficiary Designations**

Your life insurance benefits will be paid tax free to the beneficiaries you have selected. These elections must be made in writing using the insurance company's approved forms. You should confirm your decision each year to make sure it is still appropriate. Changes of beneficiaries must be made in writing pursuant to the insurance company's rules and regulations. Any change in circumstances such as a divorce or death of a beneficiary should trigger a change in policy beneficiaries.

## **Guardian for Minor Children**

Your will should nominate a guardian of your choice to raise your minor children until they are adults. You should discuss this decision with the appropriate family members and also the potential guardians. If you do not select a guardian, the court will appoint one for you.

## **Retirement Plan Designations**

You should review and confirm your IRA, 401(k), retirement and other benefit plan elections have been made and continue to reflect your intent regarding who should receive these benefits.



## **Asset Distributions**

Your will should clearly state how and to whom each of your assets is to be distributed. If you do not have a will state law will determine to whom the assets in your estate will be distributed.

## **Income for Your Family**

If you are the primary wage earner in the family, how will the family survive without you? You should review what assets you own that can generate an income for your surviving family. You may find these will not be sufficient. Life insurance proceeds that are paid tax free can provide the level of financial support your family will need. You should also consider whether family members will be able to manage their bequest. A trust with a corporate trustee may be appropriate.

## **Death Tax Exposure**

Depending upon the value of your estate at your death, a substantial federal estate tax may be due nine months after your death. The current federal estate tax is at a rate of 40 percent on estates valued more than \$5.43 million as of 2015. Also, many states have estate taxes or inheritance that your estate may be required to pay. Any estate taxes must be paid in cash and in a timely manner.

## **Planning For Estate Taxes**

You can plan for these tax burdens in advance. Life insurance is an asset that is uniquely qualified to provide estate liquidity. Life insurance proceeds are paid in cash and are income tax free.<sup>1</sup>

## **Final Expenses**

Paying funeral costs and related final expenses can be problematic for cash-poor estates. You can plan in advance for a funeral to make sure cash is available to meet these obligations. Life insurance proceeds can be used to pay these costs.



This concept is not appropriate for anyone who will need the funds or income for retirement purposes. Federal tax laws are complex and subject to change. Neither American National Insurance Company nor its agents give tax advice. Clients should contact their attorney or tax advisor on their specific situation.

American National Insurance Company, Galveston, Texas. American National Life Insurance Company of New York, Glenmont, New York.

Each company has financial responsibility only for the products and services it issues.

1) Income tax-free death benefits: Proceeds from a life insurance contract paid because of the death of the insured are generally excludable from the beneficiary's gross income for tax purposes. Neither American National Insurance Company nor its agents give legal, estate planning, tax or accounting advice. If you need such advice, consult your attorney, accountant or tax advisor.

