

In Estate Planning—

A LOOK AT SOME IMPORTANT ITEMS

Tom E. Prater and Eugene M. McElyea*

If you die tomorrow, do you have an estate plan which will:

- 1) Provide security for your wife and children?
- 2) Provide income for an older widow for her lifetime?
- 3) Treat children equitably?
- 4) Minimize costs?
- 5) Minimize erosion of the estate?
- 6) Reduce death taxes and estate settlement costs?

Without an estate plan, it is entirely possible your property will be distributed contrary to your wishes. Why? In the absence of a will, your property will be distributed according to the law of descent and distribution.

Legal assistance from an attorney can assist in developing a satisfactory estate plan. An attorney can prepare valid, legal instruments to execute your wishes in a will, trust and property transfers.

PROPERTY TRANSFERS

There are several ways of transferring your property.

Wills

A last will and testament is a legally enforceable declaration of how you wish your property to be distributed *after* your death. A will allows you to use your property while you are alive and can be changed as the need arises. Regardless of your age, sex or economic status, you may need a will.

Respectively, Extension economist-management and County Officials Program specialist—licensed attorney, The Texas A&M University System.

Other Property Transfers

You may be able to transfer some property while you are still alive in order to meet your wishes. A number of lifetime property transfer methods are listed below. These methods are sometimes incorporated into a will.

- 1) *Sales* — A transfer of title and possession of property from one person to another after the payment of a specific amount of money or a promise to pay money is made.
- 2) *Gifts* — A voluntary transfer of property in which the giver receives less than full value in return from the recipient. The recipient receives complete use of the property.
- 3) *Life estate* — The recipient (life tenant) of the property has lifetime use of property but the ownership of the property passes to someone else upon the life tenant's death.
- 4) *Trust* — A legal arrangement in which a trustee receives control and manages property for the benefit of another person(s).
- 5) *Partnership* — A joint operating agreement in which two or more people share the ownership, management and profits of a business. A partnership may terminate at the death of one of the partners.
- 6) *Corporation* — A legal entity (Jones Farm, Inc.) that holds and transfers property and carries on business in its own name. The stockholders (farmer and his family) own the corporation which will continue to operate even if a stockholder dies.
- 7) *Property* —
 - a) *Community* — is broadly defined as all property of a husband and wife acquired during marriage.

- b) Separate — is property acquired before marriage or acquired by gifts or inheritance or descent after marriage.

SETTLEMENT

The executor or executrix of an estate will follow these general steps in an estate settlement.

- 1) Seek legal assistance.
- 2) Protect property (pay fire insurance premiums, etc.)
- 3) List assets and liabilities.
- 4) Request release of joint bank accounts; notify insurance companies.
- 5) Offer the will for probate; be approved to serve as executor by court.
- 6) Pay claims against estate.
- 7) File and pay all taxes.
- 8) Submit statement.
- 9) Distribute remaining estate.
- 10) Obtain a final receipt and release from beneficiaries.

TEST YOURSELF

Questions About Your Estate

- | | |
|---|-------|
| | CHECK |
| 1. Do you have a will? Does your spouse have a will? | _____ |
| 2. Does your family know what your wishes are in estate settlement? | _____ |

3. Do you have (ready) liquid assets? _____
Are they sufficient for settlement of taxes, death expenses, etc? _____
4. Do you have income provisions for those remaining in your estate? _____
5. Does your family know where your valuable papers are? _____
6. Do you have an inventory of your estate? _____
7. Can you estimate the value of your estate? _____
8. Can you estimate the tax liability for Texas and federal? _____
9. Have you considered gifts? _____
Forms of ownership or other property transfers? _____
10. Do you have a written plan? _____

Seek the advice of a professional estate planner, such as an attorney, tax accountant, trust officer of bank, financial management planner or certified life underwriter. These resource people are trained in assisting you develop and analyze alternative routes for you to make decisions on a final plan.

This leaflet provides you with some basic facts about estate planning. For further detailed information on estate planning, ask your county Extension agent for L-774, *Estate Planning for Farmers and Ranchers*; L-950, *The Importance of a Will in a Texas Estate*; L-951, *Texas Laws on Descent and Distribution*; L-952, *Community and Separate Property in Texas*; L-953, *Costs of an Estate in Probate*; L-954, *Charitable Gifts*; L-955, *Federal Estate and State Inheritance Taxes*; L-956, *Gifts and Trusts: Effective Estate Planning Tools*.

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