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# A Guide to Estate Planning

How to protect your family's future with smart estate planning.



- ***Why Create an Estate Plan?***
- ***LegalZoom's Easy Estate Planning Tools***
- ***Living Trusts***
- ***Last Will and Testament***
- ***Living Will and Health Care Power of Attorney***
- ***Power of Attorney for Finances***

By Attorney Brian P.Y. Liu  
Founder of LegalZoom

Questions? Call us toll free at (800) 962-7490

# TABLE OF CONTENTS

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<b>Introduction</b>	<b>1</b>
Why Create an Estate Plan? . . . . .	1
LegalZoom’s Estate Planning Documents . . . . .	2
<b>Living Trust</b>	<b>3</b>
What is a Living Trust? . . . . .	3
Key Benefits of a LegalZoom Living Trust . . . . .	3
Anatomy of a Living Trust . . . . .	4
How a Living Trust Helps You Avoid Probate . . . . .	5
A Word About Pour-Over Wills . . . . .	5
<b>Last Will and Testament</b>	<b>6</b>
What is a Last Will and Testament? . . . . .	6
Gifting Property to Heirs. . . . .	6
Key Benefits of a LegalZoom Last Will . . . . .	7
<b>Living Will and Health Care Power of Attorney</b>	<b>7</b>
What is a Living Will? . . . . .	7
Why People Get Living Wills . . . . .	7
Health Care Power of Attorney . . . . .	8
Key Benefits of a LegalZoom Living Will . . . . .	8
<b>Power of Attorney for Finances</b>	<b>8</b>
What is a Power of Attorney? . . . . .	8
What a Power of Attorney Can Do for You. . . . .	9
Key Benefits of a LegalZoom Power of Attorney . . . . .	9
<b>Questions?</b>	<b>9</b>
Call us toll free at (800) 962-7490 . . . . .	9

# Introduction

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## Why Create an Estate Plan?

All good estate plans cover key life decisions such as what happens to your property, who cares for your children, and who manages your finances and healthcare choices when you are unable to do so yourself. Without the right legal documents, these important decisions are left in the hands of others.

The good news is that creating a proper estate plan is not as difficult—or expensive—as it sounds. With a little help, you can prepare all the necessary documents **without an attorney and on your own schedule**. It just takes some careful thought. The important thing is to plan early to protect the people you love against life's uncertainties.

LegalZoom's estate planning packages were created by expert attorneys and include all the legal documents you need for complete protection. Just visit [www.legalzoom.com](http://www.legalzoom.com), answer a few simple questions in our secure online environment, and we'll take care of the rest.

# Introduction

## LegalZoom's Estate Planning Documents

**Living Trust (Individual, Joint, AB).** Spare your loved ones the time, cost and hassle of probate court by placing your property in a Living Trust. Complimentary Last Will and Testament included.

**Last Will and Testament.** Designate who you'd like to receive your property, who will serve as guardian to your children and who will execute your wishes.

**Living Will (includes a Health Care Power of Attorney).** Make sensitive and private healthcare decisions in advance with a Living Will.

**Power of Attorney (financial).** Appoint a trusted person to manage your finances in the event you are unable to do so yourself.

LegalZoom's specialists carefully prepare your documents, review them for accuracy, and ship them to you **within 2 business days**. To learn more about LegalZoom's estate planning services or for help getting started, please call us at (800) 962-7490 or email our customer support professionals at: **customersupport@legalzoom.com**.

# Living Trust

## What is a Living Trust?

Much like a Last Will, a Living Trust is designed to control who receives your assets after you die—but with one important difference. The property you place in a trust is not subject to the delays and expense of probate court. Instead, it passes directly to your designated beneficiaries.



**“The property you place in a trust is not subject to the delays and expense of probate court. Instead, it passes directly to your designated beneficiaries.”**

Living Trusts also offer the added benefit of privacy. Because you are not required to register your Living Trust with the courts, the details of your estate remain off the public record. Setting up a Living Trust may also help reduce your estate taxes so more of your property goes to your heirs. Finally, with a Living Trust, you have the option to assign a trusted person to manage your property should you become incapacitated.

## Key Benefits of a LegalZoom Living Trust

- ▶ **Transfers assets to beneficiaries without going through probate**
- ▶ **Saves your beneficiaries time and significant expense**
- ▶ **Details of your estate remain private**
- ▶ **May help you reduce estate taxes**
- ▶ **Can be modified or revoked at any time**
- ▶ **Immediately transfers management of your property should you become physically or mentally incapacitated**
- ▶ **Includes a *complimentary Last Will and Testament*, allowing you to name guardians for any minor children and specify interment wishes**
- ▶ **Customized to meet your specific state requirements**
- ▶ **Contains advanced, attorney-quality provisions to better protect your property**

## Living Trust

### Anatomy of a Living Trust

A Living Trust is a **legal entity** that allows you to gather all of your significant property (bank accounts, stock certificates, real estate, etc.) into one document so it can be distributed quickly and easily. Think of it as a legal “container” for all of your most valuable assets. Because it is a legal entity, the trust—and not you—legally owns your property once it is transferred into the trust. But as the trust’s “grantor,” you can also designate yourself as the trust’s initial “trustee,” which means you retain complete control over the assets placed in the trust. You can move property in or out of the trust, change your beneficiaries, or sell assets as you see fit.



**“You can move property in or out of the trust, change your beneficiaries, or sell assets as you see fit.”**

A Living Trust begins with the creation of a document known as a **Declaration of Trust**. This is the legal document that names your beneficiaries, describes the property in the trust, and specifies the terms of its transfer. A Living Trust is managed by the initial **trustee(s)**—in most cases, this is the person or persons who formed the Living Trust. The trustee’s main responsibility is managing the property covered by the trust. When the trustee either dies or becomes incapacitated, control of the trust automatically passes to the person named as the **successor trustee**, whose job it is to carry out the provisions of the trust, including distributing assets to beneficiaries.

### A Word About Probate

Probate is the legal process the courts use to implement your will. In most cases, probate takes anywhere from 6 months to 3 years to complete. This means your beneficiaries cannot immediately access their inheritance. What’s more, your heirs will be required to pay costly court administration fees. In some cases, they may even have to hire an attorney. If you die **without a will**, the time and expense of distributing your estate goes up even more, costing your beneficiaries up to 15% of your estate’s total value.

# Living Trust

## How a Living Trust Helps You Avoid Probate

When you place your assets in a Living Trust, the trust assumes legal ownership of your property. As a trustee, you maintain complete control of your assets, but you no longer “own” them—at least on paper. This means that when you die, control of your assets simply passes to your designated successor trustee who then distributes them to your named beneficiaries. By doing this, your assets bypass the delays and expense of probate court.

## A Word About Pour-Over Wills

LegalZoom’s Living Trust package includes what’s known as a “pour-over” Last Will to cover any assets that have not been placed in your Living Trust. You can also use this Will to name guardians for any minor children and specify certain last wishes such as interment or funeral details. While your pour-over Last Will must still go through probate, it’s generally a much simpler (and less expensive) process because all of your significant property will have already been distributed through your Living Trust.



**“LegalZoom’s Living Trust package includes what’s known as a ‘pour-over’ Last Will to cover any assets that have not been placed in your Living Trust.”**

### Your LegalZoom Living Trust Includes:

- A comprehensive, customized Living Trust
- A deluxe estate-planning organizer with the name of the trust embossed on the cover (a \$65 value)
- A complimentary “pour-over” Last Will and Testament (a \$79 value)
- Transfer letters to place assets into your trust
- Testamentary sub-trust provisions designed to financially protect your children

## Last Will and Testament

### What is a Last Will and Testament?

Like a Living Trust, a Last Will and Testament allows you to decide who receives your property and who manages your estate—with one important distinction. A Last Will also allows you to name guardians for any minor children.

If you're like most people, a Last Will may be the most important legal document you ever sign. Without one, the courts—and not you—may decide who receives your property and who cares for your minor children. Dying without a Last Will could also cause painful family conflict, cost thousands in court administration fees and tie up your estate for years. That's why most good estate plans begin with either a **Last Will** or a **Living Trust** with a built-in "pour-over" Will.



**"If you're like most people, a Last Will may be the most important legal document you ever sign. Without one, the courts—and not you—may decide who receives your property and who cares for your minor children."**

Creating a Last Will with LegalZoom is fast, easy and affordable. In most cases, you can complete your customized Last Will and Testament in just minutes from home. Our document specialists will carefully prepare, review, and ship your attorney-quality Last Will within **2 business days**.

### Gifting Property to Heirs

Typical Last Wills designate two types of gifts: **specific gifts** and **general gifts**. Specific gifts bequeath a particular object to someone and are distributed *before* general gifts are handed out. For example, a specific gift might read: "I leave to my daughter, Cynthia, my engagement ring." You may also choose to forgive a specific debt that someone owes you.

By contrast, general gifts are made in the form of a percentage and are handed out *after* all of the specific gifts have been made. The people who receive these general gifts are known as "principal heirs" because they usually receive the bulk of your estate after the smaller gifts and valuables have been distributed. Generally, the principal heir is the spouse or closest relative of the person making the Will. Every Will must name at least one principal heir.

When writing a Last Will, you will also have to name a personal representative, or "executor," who is responsible for distributing the gifts and ensuring that your wishes are carried out.



## Key Benefits of a LegalZoom Last Will and Testament

- ▶ **Creating a Last Will with LegalZoom is fast, easy and affordable**
- ▶ **You can appoint a guardian for minor children**
- ▶ **You can indicate interment and other last wishes**
- ▶ **Your customized LegalZoom Last Will is valid in all 50 states and includes advanced, attorney-quality provisions to better protect your loved ones**

## Living Will and Health Care Power of Attorney

### What is a Living Will?

A Living Will, also known as an “Advance Directive,” allows you to make important health care decisions, such as whether or not to decline life support, *in advance*. Stating your wishes ahead of time reduces the potential for family conflict and spares your loved ones these often difficult end-of-life choices.



**“Stating your wishes ahead of time reduces the potential for family conflict and spares your loved ones these often difficult end-of-life choices.”**

LegalZoom’s Living Will is customized to your specific needs and wishes. You can choose when it takes effect, add special provisions, and even decide if you want to be an organ donor.

### Why People get Living Wills

Today, life support systems can keep an individual’s body alive for years, even if the brain is no longer functioning or the person is in constant pain. As competent adults, we have the right to make advance decisions as to whether or not we would like to decline life support when it is clear that death is imminent or a state of coma or vegetation becomes permanent.

*\*For added peace of mind, LegalZoom also offers a Living Will /Advance Health Care Directive Wallet Card. In the event you are incapacitated, this sturdy wallet-sized Alert Card will notify physicians and others of your important health care decisions.*

## Health Care Power of Attorney

The Health Care Power of Attorney provided in LegalZoom's Living Will Package allows a health care surrogate (also known as an "agent" or "proxy") to make medical decisions on your behalf.

Unlike the provisions of a standard Living Will, a Health Care Power of Attorney allows a surrogate to make decisions for you whenever you are unable to do so yourself—**not just in the cases of terminal illness or an irreversible coma**. It also serves as legal "back-up" in the event a hospital will not fully honor the wishes stated in your Living Will. With LegalZoom's Living Will Package, you can choose to combine a Living Will with a Health Care Power of Attorney at no additional charge.

### Key benefits of a LegalZoom Living Will

- ▶ **Allows you to make critical health care decisions *in advance***

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- ▶ **Valid in all 50 states, your customized LegalZoom Living Will is designed to meet the most stringent state requirements**

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- ▶ **Includes a complimentary Health Care Power of Attorney**

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## Power of Attorney for Finances

### What is a Power of Attorney?

A Power of Attorney allows you to appoint someone to make financial and other non-medical decisions on your behalf. You can choose for this appointment to take effect immediately—for example, if you're leaving the country and need someone to pay bills while you're away. Or, you can choose to have it go into effect only if you become incapacitated.

### LegalZoom offers 3 financial Power of Attorney options:

- **Durable Power of Attorney.** Immediately grants power of attorney and remains in effect even if you become mentally incapacitated.
- **Non Durable Power of Attorney.** Immediately grants someone the power of attorney until it is revoked or you become incapacitated.
- **"Springing" Power of Attorney.** Only goes into effect if a doctor certifies you have become incapacitated. This allows you to keep control over your financial affairs unless you become incapacitated.

## What a Power of Attorney Can Do for You

You can give your agent, known as the “Attorney-in-Fact,” as many or as few powers as you wish. For example, you might authorize your agent to do any or all of the following on your behalf:

- **Pay for support and care**
- **Borrow money**
- **Conduct banking transactions**
- **Deal with property**
- **Handle legal claims**
- **Gain entry to safety deposit boxes**
- **Deal with insurance and retirement benefits**
- **Prepare and file tax returns**
- **Exercise stock holder rights**
- **Contract for services**
- **Make gifts**
- **Collect Social Security benefits**
- **Other unspecified, non-medical tasks**

## Key benefits of a LegalZoom Power of Attorney

- ▶ **Allows you to grant specific powers of attorney to whomever you want, whenever you want, or only under specific conditions**

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- ▶ **Your customized Power of Attorney document is designed to meet the most stringent state requirements**

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## Questions?

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### Call us toll free at (800) 962-7490

Creating a proper estate plan doesn't have to be complicated or costly. LegalZoom can help you prepare the legal documents you need from the comfort of your home or office.

To get started, visit [www.legalzoom.com](http://www.legalzoom.com) or simply call us. Our customer service professionals are available to help you Monday through Friday 8:00 am to 6:00 pm (PST).

