

Do Not Underestimate The Size Of Your Estate When Making An Estate Plan

Making an estate plan is an important step in taking control of your financial life, but you must have an accurate and complete picture of your overall net worth and potential for growth of your net worth in the future.

It is very easy to underestimate the size of your estate when making your estate plan. This could potentially be harmful for your estate and reduce the amount that your heirs receive. Underestimating the size of your current or potential future estate or net worth is a trap that many people can easily fall into. Your net worth is the total value of all your assets minus any debts that you may have. Most people think of the value of their potential estate in relation to the lifestyle they are currently living. Just because you do not live in a mansion, take lavish vacations, eat in fancy restaurants or drive a luxury car does not mean that you need to forget all together about planning your estate. While someone may maintain a modest lifestyle with little available money to spend, this does not necessarily mean that the total of their estate assets will be modest.

Estate assets can include assets that are not readily available to spend during a decedent's lifetime such as the total value of an IRA or other retirement account, life insurance proceeds, stocks that have appreciated in value, or the value of a home. It is very easy to add all of these assets up and become a taxable estate. A taxable estate is when the total value of all of your assets is above the federal exclusion amount which is set by Congress and changes from year to year. When an estate becomes taxable then a large percentage that could have gone to heirs will go instead to the government. Another thing to be concerned about is the role of inflation in the value of your assets. Inflation means that a dollar has less spending power and is worth less than it may have previously been. Historically in a ten to twenty year period it is not uncommon for inflation to be one hundred percent, meaning a hundred thousand dollars today could be worth two hundred thousand dollars twenty years from now.

With proper planning it is possible to avoid estate taxes and make sure that all of your assets pass to your loved ones and not to the government. Plan ahead and calculate the current and future value of all assets with an estate planning attorney to avoid paying taxes that you do not have to pay.

Evan Guthrie Law Firm is licensed to practice law throughout the state of South Carolina. The Evan Guthrie Law Firm practices in the areas of estate planning probate personal injury and divorce and family law. For further information visit his website at <http://www.ekqlaw.com>. Evan Guthrie Law Firm 164 Market Street Suite 362 Charleston SC 29401 843-926-3813