

WHAT IS ESTATE PLANNING?

Simply stated, estate planning is a method for determining how to distribute your property during your life and at your death. It is the process of developing and implementing a master plan that facilitates the distribution of your property after your death and according to your goals and objectives.

At your death, you leave behind the people that you love and all your worldly goods. Without advance planning, you have no say about who gets what, and more of your property may go to others, like the federal government, instead of your loved ones. If you care about (1) how and to whom your property is distributed, and (2) ensuring that your property is preserved for your loved ones, you need to know more about estate planning.

As a process, estate planning requires a little effort on your part. First, you'll want to come to terms with dying, at least to a degree that you can deal with the necessary planning. Understandably, your death can be a very uncomfortable subject, but unfortunately, the discussions in this area are full of references to your death, so it really can't be avoided. Some statements may seem too businesslike and unfeeling, but tiptoeing around the subject of dying will only make the planning process more difficult. You will understand the process more easily and implement a more successful master plan if you approach it in a straightforward manner.

WHO NEEDS ESTATE PLANNING?

NOT JUST FOR THE WEALTHY

Estate planning may be important to individuals with a wide range of financial situations. In fact, it may be more important if you have a smaller estate because the final expenses will have a much greater impact on your estate. Wasting even a single asset may cause your loved ones to suffer from a lack of financial resources.

Your master plan can consist of strategies that are simple and inexpensive to implement (e.g., a will or life insurance). If your estate is larger, the estate planning process can be more complex and expensive.

Implementing most strategies will probably require you to hire professional help of some kind, an attorney, an accountant, a trust officer, or an insurance agent, for example. If your estate is large or complex, you should consult with an estate planning expert such as a tax attorney or financial planner for advice before the implementation stage.

In deciding on your course of action, you should always consider whether the benefit of the strategy outweighs the cost of its implementation.

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MAY BE ESPECIALLY NEEDED UNDER CERTAIN CIRCUMSTANCES

You may need to plan your estate especially if:

- ▶ Your estate is valued at more than the federal gift and estate tax applicable exclusion amount or your state's death tax exclusion amount
- ▶ Your income tax bracket is in excess of 10 percent
- ▶ You have children who are minors or who have special needs
- ▶ Your spouse is uncomfortable with or incapable of handling financial matters
- ▶ You're a business owner
- ▶ You have property in more than one state
- ▶ You intend to contribute to charity
- ▶ You have special property, such as artwork or collectibles
- ▶ You have strong feelings about health-care decisions
- ▶ You have privacy concerns or want to avoid probate

If you would like to explore the next steps of estate planning or have any questions, please don't hesitate to contact First State Bank and Trust.

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