1842 Heritage Society
Estate Planning Webinar

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Sponsored by Villanova’s Office of Planned Giving
and The 1842 Heritage Society
Estate Planning Overview

- What is Estate Planning?
- What are Typical Estate Planning Documents?
- What is Probate?
- What are Common Pitfalls in Estate Planning?
What is Estate Planning?

- Estate Planning is more than Drafting a Last Will and Testament
- Estate Planning is managing your assets and health during your lifetime and your assets upon your death
- Estate Planning is minimizing taxes
- Estate Planning is a method of managing and disposing of assets – including who will be a beneficiary and what is their access to your assets
Unified Federal Estate and Gift Tax System

- Transfer Tax – Taxes ability to transfer assets during life or upon death

- Federal Gift Tax Reporting on Form 709

- Federal Estate Tax Reporting on Form 706. Due 9 months from the date of the Decedent’s death.

- Individuals have an exemption that can be used either during life (gifts) or upon death (estates). Currently the exemption is $5,430,000.

- Tax System applies no matter how the transfer takes place: operation of law; outright gift; will; trust

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What are Typical Estate Planning Documents

- Last Will and Testament
- Revocable Trust
- Irrevocable Trust
- General Durable Power of Attorney
- Medical Directive
- Letter of Instructions

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A written document that:

- Appoints an Executor/Executrix
- Distributes Assets
- May appoint guardians for children and trustees to manage assets and access to assets
- May appoint trustees if assets distributed to beneficiaries via a trust
- Every state has statutory requirements on how to create and execute a Last Will and Testament
Revocable Trust

• A will substitute
• May be changed
• Governed by trustees
• May avoid Probate
Irrevocable Trust

- Many different types
- Cannot be changed
- If funded during life, assets outside estate
- Structured access to assets
- Governed by Trustees

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General Durable Power of Attorney

• Appoints attorney-in-fact to control individuals finances

• Durable means that the power of attorney remains intact when the creator becomes incapacitated

• Avoids a court from having to appoint a guardian upon incapacitation

• Springing Power of Attorney v Current Power of Attorney
Medical Directive

- Advance Health Care Declaration v. Living Will
- Medical Power of Attorney
- HIPAA – Health Information Portability and Accountability Act (1996)
Letter of Instructions

- Who to contact upon death (accountant, attorney, financial advisor, HR department)
- Where assets located
- Passwords
- Burial Instructions
- Advice

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Probate

What is probate?
• The court supervised administration of a person’s estate.

What court supervises the probate court?
• In Pennsylvania it is the Orphans Court
• The Register of Wills is in charge of administering the probate process
What are the Disadvantages of Probate?

- Expensive
- Public
- Time Delays
- Frozen Assets
- Inflexible Court Process
How do you Avoid Probate?

- Revocable Trust
- Beneficiary Designations
- Joint Ownership of Property with Right of Survivorship
- Lifetime Gifts
What are Common Pitfalls in Estate Planning?

- Beneficiary Designations and Joint Ownership in Conflict with Last Will and Testament
- Not Funding Revocable Trust
- Improper Fiduciaries
- Not Considering all Possibilities
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