

Estate planning



Help meet your long-term goals with **confidence and control.**





How prepared are you for what lies ahead?

There's no doubt you're putting a lot of hard work into building the life you have. But while you're busy building your best life today, it's also important to take time to lay the groundwork for your family's future.

In this guide, we'll:

- Define what estate planning is and why it's important.
- Show you how the estate planning process works.
- Highlight common estate planning tools.
- Provide some tips for getting started.

What is estate planning and why is it important?

You might think estate planning is only for wealthy people or that it can wait until you're older. But everyone has something to protect—family, home, investments and retirement accounts, personal property, and perhaps a business. As your estate grows, your biggest concerns might be protecting your family in the event of your death or disability and building financial security. Later, you might be more focused on preserving what you have and distributing it the way you want. Estate planning helps ensure your objectives are met during each phase.



Grow

Earn salary

Accumulate investments and other assets

Manage taxes



Preserve

Create and maintain wills, trusts, and other estate documents

Establish and maintain life and disability insurance coverage

Make your money last

Manage taxes



Distribute

Monitor ownership and beneficiary arrangements

Execute legacy plan

Follow estate settlement instructions

Manage taxes

No matter what phase of the process you're in, planning for your estate needs can give you more confidence for the future.

What happens when it's time to settle your estate?

Your assets will be identified, which can be a lengthy process. Before anything is distributed to your family or other beneficiaries, your executor may have to pay various fees, taxes, and expenses. What's left will go to those you intend to benefit.

Estate



- Home and personal property
- Investments and retirement accounts
- Personal and business insurance
- Other assets

Taxes and fees



- Estate taxes
- Income taxes
- Probate fees
- Executor fees
- Attorney fees

Distributions



Family



Charities

Estate with life insurance



- Home and personal property
- Investments and retirement accounts
- Personal and business insurance
- Other assets

Taxes and fees



- Estate taxes
- Income taxes
- Probate fees
- Executor fees
- Attorney fees

Distributions



Family



Charities

When **life insurance** is used properly, it can help you transfer more to those you love.

By putting a well-designed plan in place, you can have greater control over what happens to your estate and help ensure the best outcome for your beneficiaries. A good plan can help:

- Distribute assets the way you intend.
- Avoid or reduce applicable taxes, including federal and state income, estate, and inheritance taxes.
- Provide liquidity to pay settlement costs, taxes, and any outstanding debt.
- Ensure smooth and speedy payment to your beneficiaries.
- Protect your business by providing funds to help it continue to operate.

What tools do most people use?

Here are some common tools and resources used in estate planning. Working with your financial professional and attorney, you can develop a personalized plan that may use one or more of the following:

WILLS. Detail how you want your assets distributed when you die. They may also be used to appoint a guardian for any minor children. Everyone can benefit from having a will. Without one, a court will decide how the estate will be distributed.

32%

of Americans say they do not have a will.⁽¹⁾

TRUSTS. Typically used to transfer property to your beneficiaries in the manner you wish. Some can even be used to minimize taxes. There are several types of trusts, each with its own unique benefits and considerations. An attorney who specializes in estate planning can help you determine which, if any, is appropriate for your situation.

GIFTING TECHNIQUES. Allow you to gift money during your lifetime to loved ones, so you can see them enjoy the benefits of your gifts. When done properly, these gifts can help you avoid or reduce taxes.


\$18,000

is the annual gift exclusion per person, per year.⁽²⁾

LIFE INSURANCE. Helps provide financial security for your family. Its death benefit can help preserve your assets and allow you to distribute more to your family and other beneficiaries. It also provides liquidity to pay taxes and fees. Life insurance can also be used to equalize the inheritance you leave, especially if you have a business, farm, or other asset that's not easily divided between heirs. Plus, death benefit proceeds are generally received income tax-free and can be estate tax-free, leaving more for your loved ones.

⁽¹⁾ Caring.com 2024 survey.

⁽²⁾ Indexed to the chained Consumer Price Index (CPI) measure of inflation.



The estate planning process can help you guide discussions with your family and leave a plan that's easy to execute.

Get started today!

Here are some questions you can expect to discuss with your financial professional as you get started on your estate planning:

- Who will receive my estate?
- How can I ensure my assets go to the people I want, in the manner I want?
- Do I have the right beneficiary designations in place?
- What's the current value of my estate?
- What's the impact of the value of my business on my estate?
- How can I protect my assets and my business?
- What are the tax implications of my assets?
- How will settlement costs and taxes be paid?
- Can life insurance help me achieve my estate planning goals?

An industry leader in your corner

Your legacy is important. Creating a plan for your estate can help give you the confidence and control to know it will be passed on to your loved ones the way you intend. Equally important is the company you choose to collaborate with to help ensure the plan design meets your goals.

Everything you need in one place

Once you decide on an estate planning solution that's right for you, we'll bring our expertise and resources to the table to help you put the plan in place. Everything you need to successfully implement and maintain a plan is available at Principal®:



Experienced professionals



Dependable products



Comprehensive service

Knowledge and leadership every step of the way

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⁽³⁾ Attorneys and CPAs do not provide legal, tax, or accounting services on behalf of the companies of the Principal Financial Group®.

⁽⁴⁾ As of December 31, 2023.

⁽⁵⁾ Third-party ratings relate to Principal Life Insurance Company and Principal National Life Insurance Company only, and do not reflect any ratings actions or notices relating to the US life insurance sector generally. Ratings are not a recommendation to buy, sell or hold a security. Ratings are subject to revision or withdrawal at any time by the assigning agency, and each rating should be evaluated independently of any other rating. Information is current as of the creation of this piece. Keep in mind that portfolio holdings are subject to risk.



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