

IMPORTANCE OF WILLS & TRUSTS

When looking at your complete financial picture, having the proper legal documents in place and ensuring they are up to date, is a key foundation to making certain you and your loved ones are fully protected.

Often, a will is thought of as a vehicle to pass along physical property — but it's much more than that.

Having a will is a very important part of your life.

Like insurance, it helps protect the assets you've worked so hard to build. A will helps provide a smooth transition of your assets and helps protect your family. It also allows you to decide to whom, when and on what basis your assets will be distributed and helps protect a spouse or dependents from financial hardship.

In your will, you also have the ability to identify your estate executor, (who will carry out your instructions and wishes) and guardian(s) to minor or any disabled adult children.

What happens if you don't have a will?

Not having a will may mean that your assets will be subject to the laws of intestacy. Meaning, the state's intestacy laws, which vary from state to state, determine who will inherit your assets. Passing away intestate may lead to higher costs, delays and may not help your assets be distributed in the way you would have desired.



There is more to your estate than you might think.

Some of the most common assets included in your estate are: cash, bank accounts, valuables, real estate, stocks, CDs, life insurance, business interests, annuities, etc.

Before assets are transferred to heirs, there are expenses that may need to be considered such as: funeral costs, probate costs, outstanding debts, income tax on annuities or retirement assets to name a few. The responsibility could fall on your heirs to pay for these expenses and they could end up having to liquidate assets or even potentially sell valuable heirlooms.

As of 2023, twelve states and the District of Columbia impose estate taxes and six impose inheritance taxes. Maryland is the only state to impose both. These are in addition to the federal estate tax of up to 40 percent.¹

Did you know your will can also create trusts?

Trusts can hold some of your assets so they can be managed for the benefit of others or help protect your assets from creditors or estate taxes.

Trusts can provide financial protection for your family, reduce possible estate taxes, help protect assets from creditors and provide tax advantages to boost asset growth. They also have the ability to provide management of your assets during or after your lifetime and help with making charitable contributions.

It's not enough to just have a will; you must ensure that the right property actually flows through it, so it's important to make sure your assets are properly coordinated.

Assets such as life insurance, retirement plans, bank accounts and homes often are passed by beneficiary arrangements and titles, and therefore must be reviewed so that the terms of your will and trusts apply.



Changes in your life require that your legal documents are kept up-to-date.

Changes such as marriage, divorce birth of a child, changes in employee benefits and even when your net worth grows, might affect your thinking around the passing on of your estate.

Ensure you are reviewing all of your documents periodically with your counsel and/or tax advisor, and that your beneficiary designations are up-to-date (life insurance policies, retirement plans, etc.) Doing so can help allow your assets to be distributed efficiently and maximize the impact of your legacy.

Incorporating wills and trusts into your complete protection picture, is just another step in creating the financial life you want for you and your family. Not only will you have a greater sense of protection but also confidence that you've taken the steps to ensure your loved ones will be provided for.

Estate planning is a complex process and you should seek the assistance of tax, legal and financial professionals to help ensure your financial life — and legacy — are as protected as possible.

¹ Source: TaxFoundation.org /<https://taxfoundation.org/data/all/state/state-estate-tax-inheritance-tax-2023/>

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