

Direction Memo™: How to Write a Letter of Instructions for Your Estate Plan

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The Direction Memo™ Workbook

This letter of instruction is non-binding and carries no legal authority.

Direction Memo™ for _____ dated _____

Living at: _____

Section 1

Attention loved ones, professional advisors, fiduciaries, and other important people: If you're reading this, it is because I am incapacitated and no longer able to manage my own affairs, or because I have passed away. Use the following Direction Memo™ that I have prepared for you. My aim is to organize all my financial records and to provide detailed instructions to my important people.

Signature

Date

1.1 Purpose of the Direction Memo™. A Direction Memo™ is a letter of instruction used in the estate planning process. This letter is written as a supplement to my legally binding estate planning documents. Wills, trusts, and most other instruments are governed by official requirements and are not particularly well-suited to communicate simple or practical instructions or personal desires to my fiduciaries and family members. For these reasons, I have decided to write my family and fiduciaries this informal letter to explain my estate planning objectives. I hope that my ideas and instructions will be helpful in handling certain business and personal matters. However, the thoughts expressed in this letter should not be considered rigid or binding, and they should always be tempered by a careful consideration of the facts and circumstances at the time decisions are made in the future.

1.2 Sections. My Direction Memo™ is formally organized into 14 sections:

1. Defining how the Direction Memo™ provides additional clarity and intent to compliment traditional “legally binding” estate planning documents.
2. Defining how the Direction Memo™ provides a “Roadmap” to locate all my personal information.
3. Estate planning documents and checklists for my fiduciaries.
4. The titling of my assets.
5. Insurance and Risk Management.
6. Debts I owe and owed to me.
7. Real Estate.
8. Savings and Investments.
9. Retirement Assets and Benefits.
10. Personal Property, Business Interests, and other Miscellaneous Assets.
11. Charitable Planning and Planned Giving.
12. Legacy Planning.
13. Final Arrangements.
14. Personal Financial Statement and Glossary.

1.3 Immediate concerns at my incapacity. In the event I am deemed incapacitated, section 3 provides assistance on which documents to use to make financial and medical decisions. This includes, but not limited to, Durable Powers of Attorney, Living Will, and any living trust documents naming a successor trustee. Sections 8 and 9 will familiarize you with my savings, investments, and retirement plan assets. During my potential incapacity, you should secure my tangible personal property that is recorded in section 10.

1.4 Immediate concerns at my death. The first section that must be reviewed at my death is section 13 related to my final arrangements, including my organ donor status. This includes assistance for my loved ones to guide them in making decisions with respect to final arrangements. Request at least 10 copies of a death certificate. Apply for any life insurance death benefits, located in Section 5. Section 2 addresses other people and pets for whom I am a caretaker, with immediate instructions on how to ensure their “well-being.” Section 10 provides an inventory of my personal property to ensure my home and other possessions are protected. Section 3 defines the scope of my legal estate planning documents, the location of the original documents, and instructions for my executor and professional advisors involved. Contact our family attorney:

_____ [Name and contact information].
My executor/trustee should schedule a meeting with my attorney and be prepared to provide death certificates, my birth certificate, and financial statements.

1.5 Nonbinding document. This Direction Memo™ is a personal letter of instruction that is flexible, informal, and not legally binding, although it serves multiple purposes. Since this letter carries no legal authority, the binding instruments I have drafted govern my estate. In any situation where the provisions of this letter are deemed to be inconsistent with or contrary to the terms of my Will, Living Trust, or other formal estate planning documents, the provisions of those legal instruments shall govern and be controlling. In other words, I do not intend for this letter to serve in any respect as a legal document nor shall the terms of this letter override the provisions of a legal document executed by me whether it was signed prior or subsequent to the date of this letter. This Direction Memo™ is not a contract.

1.6 Direction Memo™ Review. I will make every reasonable effort to keep this document current. My aim is to update my Direction Memo™ at least every two years to ensure that the information in my final letter is as accurate as possible. Investments, insurance, and personal property change often, and this document is dynamic and may be updated frequently. I understand that there can be no guarantee that every written request or instruction in this document will be fulfilled.

Section 2

General & Biographical Information

2.1 Purpose of the Central Data Source. This section provides personal information that generally will not be found in the subsequent sections of the Direction Memo™. My goal is to eliminate anxiety that might arise from being unable to locate important information for my estate. Section 2 includes important biographical information my family and fiduciaries need to know about me.

2.2 My Biographical Information. The following is information about me which includes my legal name, residence, marriages and domestic partnerships, education, and military service.

Full Name (including middle and maiden names)	
Date of Birth	
Place of Birth	
Social Security Number	Location of SS Card(s)
Driver's License Number	
Other Names Known By:	
Spouse/Domestic Partner's Name (including middle and maiden names)	
Previous Spouse (if applicable)	
High School Name, City, County, State, Degree/Date	
College Name, City, County, State, Degree/Date	
Graduate School Name, City, County, State, Degree/Date	
Military Service (Branch and serial #, location, rank, honors, discharge information)	
Church Membership Affiliation	

2.3 Information about my Immediate Family. This section names my living (and deceased) immediate family members including biological parents, step-parents, siblings, children, and grandchildren. It includes their date of birth and date of death (if applicable).

Relationship Key: F (father), M (mother), C (child), GC (grandchild), GGC (great-grandchild), B (brother), S (sister), I (in-law)

NAME	RELATIONSHIP (see key)	DATE OF BIRTH	DATE OF DEATH

2.4 Family Tree Diagram. The following is a family tree diagram of my immediate family including the names of my parents, my siblings, my children, and my grandchildren (Use space under the sample diagram to draw your family tree diagram).

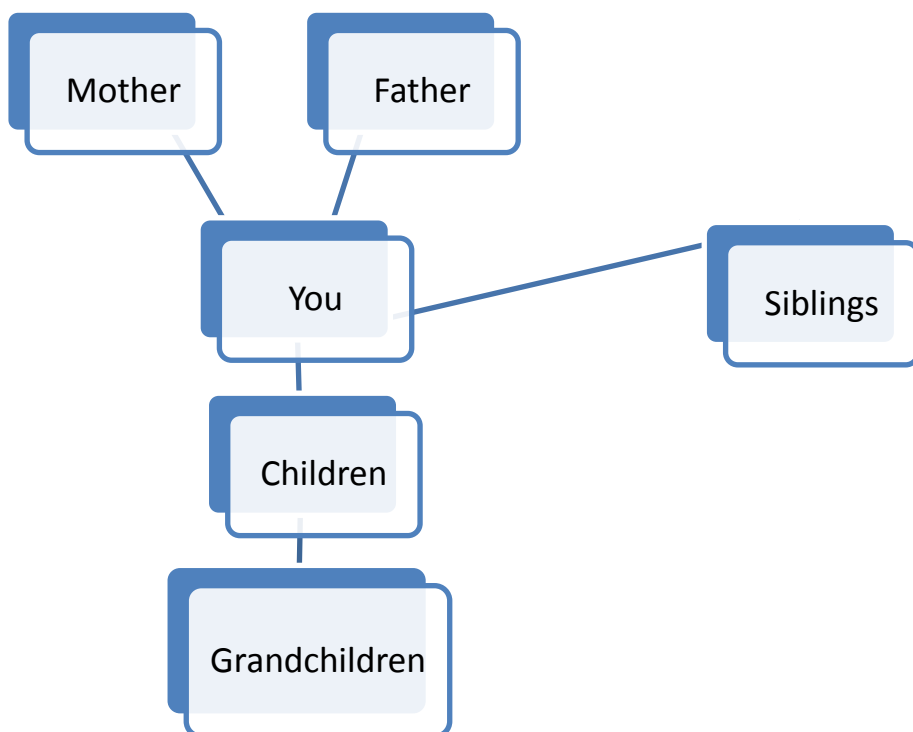


Figure 1- Sample Family Tree Diagram

DRAW YOUR FAMILY TREE DIAGRAM BELOW

2.5 Information about my Pets (Livestock). This section identifies any pets I own and my wishes for their care and relocation if something happens to me. This includes the names of people with whom I have made arrangements for my pet's care, registered papers, and the veterinarian's contact information.

Pet Name	Species, and Coloring	Food Type	Prescriptions/Other Care	Veterinarian's Contact Information

Pet Name	Desired Placement	Individual/Organization Contact Information

Livestock Notes:

2.6 People for whom I am acting as fiduciary. I am aware of the following people who have named me as fiduciary in some capacity either as their agent under a power of attorney, executor, or successor trustee. If something should happen to me, the following people should be reminded that I may no longer be able to serve in this capacity.

Person's Name and Contact Information	Age of Person	Relationship	Position I was assigned (e.g., Power of Attorney, Executor, Trustee, Health Care Agent)

2.7 Personal Papers.

Location of Birth Certificate	
Location of Marriage Certificate/Divorce Papers	
Location of Adoption Documents	
Location of Social Security Card	
Location of passport	

2.8 My Personal Family Service Providers (Medical and Spiritual).

1. My general physician is _____ located at _____.

My dentist is _____ located at _____.

2. My other health care providers include _____
located at _____.

3. My spiritual advisor or Clergyman (if applicable) is _____
located at _____.

2.9 My tax information. The following information will help you prepare any tax returns due while I am incapacitated or after my death. The following professional advisors helped me with my taxes in the past and are recommended to you for my future work. My current tax preparer is _____ located at _____. You may also need my previous tax preparer who is _____ located at _____.

Location of Current-Year Income Tax Records	
Location of Prior-Year Income Tax Records	

Audit History (If applicable)	
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You may find important tax information about my investments, real estate, and charitable planning in their respective sections of my Direction Memo™. I have anticipated any tax issues on which my fiduciaries may require clarification, and have appropriately documented this information in my Direction Memo™.

2.10 Safe Deposit Box.

If I am incapacitated and you co-own a safe deposit box with me, your access rights are unaffected so long as you have access to the keys. If you do not already have access, you will need to meet special requirements before the financial institution will open a safe deposit box for you.

If you are my agent for finances under a durable power of attorney, you will need to present a power of attorney document. With a “springing” power of attorney, you will also need to present doctors' statements to verify that I am incapacitated. If I don't have a valid durable power of attorney document, you may need to obtain a court order to access a safe deposit box.

Upon my death, you should know the about the typical issues with safe deposit boxes. If you are a co-owner on the box, your access will be allowed unless the box is temporarily sealed (see below). If you are my executor or successor trustee, you will need to present a certified copy of my death certificate and a copy of the will or trust that appoints you. If you do not meet these requirements because I do not have valid estate planning documents such as a will or trust, you will need to obtain a court order to access the safe deposit box.

In some states, safe deposit boxes are sealed for several weeks following the death of the owner so the state can review the contents. During this time, you will not be able to obtain access to the box without a court order. Because of my concern that my safe deposit box will be sealed immediately following my death, I will not place the following original documents in my safe deposit box:

1. My original current durable power of attorney and trust documents.
2. My original last will and testament naming your executor/personal representative.
3. My passport in case of an emergency trip.
4. My original living will and other health care directives.
5. My current Direction Memo™

The location of these original documents is disclosed in Section 3.

1. My safe deposit box # _____ is located at _____ bank and the address for the bank is _____. Secondary safe deposit boxes are located at _____.

2. The location of the key(s) _____.

3. The current people who have authorized access to my safe deposit box are:

_____.

4. The primary contents of my safe deposit box(es) are:

_____.

2.10 (a) The location of other safes and spaces where I store valuable items.

2.11 My Post Office Box Location. The location of my P.O. Box is _____ and

the key or the combination is located at _____.

2.12 Storage Facility Rental. I am currently renting a storage facility located at _____ with the key located _____. You will need to use my estate account to continue to pay rent to this facility until all of the property is transferred to my beneficiaries. No one should make rental payments directly to the storage facility except for my estate.

2.13 Occasional Expenses. I have acknowledged several of the larger occasional expenses that my household incurs. These are predictable expenses such as property tax, insurance premiums, and other expense. In the event of my death or incapacity, the best way to know what payments are due is to review my mail. List of notable expenses:

2.14 Utilities, Subscriptions, and Memberships. The utility expenses for my home must be paid and remain current in the event of my incapacity or death until my property is sold. Other subscriptions and memberships most likely can be cancelled at that time. Organizations may be willing to refund dues or subscriptions paid in advance if you ask. Below is a list of expenses that need to be reviewed if something happens to me.

1. Utilities (Name of Provider)

A. Water _____

B. Electricity _____

C. Gas _____

D. Telephone (land and cellular) _____

E. Cable Television _____

F. Other _____

2. Subscriptions

A. Newspapers _____

B. Magazines _____

C. Internet _____

D. Website subscriptions _____

3. Memberships (Including Frequent Flyer and other point programs)

A. _____

B. _____

C. _____

2.15 Miscellaneous Information. This section covers anything that may have previously been overlooked in section 2, or that may not be referenced in the following sections of my Direction Memo™. This includes the location of other passwords and access codes that need to be located if something happens to me.

Section 3

Estate Planning Primer: Estate Documents

3.1 Purpose. The purpose of section 3 is to communicate the formal arrangements I've made with my estate planning. This includes:

1. General estate planning priorities.
2. Location of all current and original estate planning documents.
3. The name of all my fiduciaries (i.e., Executor, Agent under Power of Attorney, Trustee). I have included a checklist to simplify the process for their role when they are acting as my fiduciary.

3.2 General Estate Planning Priorities. I've identified the objectives below as important to me in my estate planning. My goal is to adequately communicate my priorities with my professional advisors and other important people so they fully understand my intent. (I've circled the numbers of all that apply.)

1. Title assets and properly transfer my property based on who should be the beneficiary.
2. Minimize taxes related to estate planning.
3. Minimize the estate's legal costs.
4. To provide liquidity at my death for legal fees, taxes, and final expenses.
5. To make my own future health care decisions so that no one else does this for me.
6. Identify charitable objectives with my estate.
7. Identify all my beneficiaries and protect their inheritance from creditors and predators.
8. Leave directions for my family and fiduciaries, and minimize the decisions you will have to make to reduce disagreements.
9. Maintain adequate records to make my appointed executor and trustee's tasks simpler.
10. Misc _____
11. Misc _____

3.3 Will & Duties of Executor. In this section you will find important information about my current last will and testament as well as any codicils or other updates. You should contact the attorney listed below who drafted my will if you have any questions and need help carrying out its terms.

1. A. My original, current will (along with any codicils and other updates) is located _____. **OR**

B. I haven't drafted a valid last will and testament and currently expect the laws of intestacy in my state to govern the disposition of probatable assets.

2. The attorney who drafted my will is _____ located at _____.

3. My executor is _____ and the alternate executor is _____. For my executor, I have provided below a general checklist of the administrative process. This may not be a comprehensive list of tasks, but it provides a blueprint for processing an estate. You should find that most (or all) of my information is at hand in my Direction Memo™.

Preliminary Administration

- ☐ Identify the beneficiaries and determine needs of survivors.
- ☐ Death certificates. Obtain 10 certified copies or photocopies that are required for transfer of assets and resolving creditor accounts. Call the county vital records office (courthouse) to order the death certificates which will likely cost \$10-\$15/each.
- ☐ Contact insurance agent(s) and obtain copies of life insurance policies.
- ☐ Contact the following organizations to determine if benefits may be available for beneficiaries:
 - a. Social Security Administration. Call Social Security immediately at 1-800-772-1213.
 - b. Current/Former Employers: Several immediate benefits may be available including group life, health plans, vested retirement plan assets, stock or savings plans, and final paycheck. In section 9.12, you'll find a form letter to send my former employers.
 - c. Pension Plan Administrators from my current or former employers
 - d. Veterans Administration: If decedent was a veteran, burial and other benefits may be available. (See Section 13.10 for Veterans Final Arrangement Benefits)

e. Have my mail forwarded to executor's residence and cancel subscriptions to newspapers and other publications. (See Section 2.14 for subscription and utilities information)

Court and Estate Administration

- ☐ File a petition with the probate court to obtain a formal appointment as the executor commonly referred to as a "Letter of Appointment" to legally act on behalf of my estate.
- ☐ Review other legal documents such as pre/post nuptial agreements. If applicable, information about these documents can be located in section 5.2.
- ☐ Open a separate "estate" bank account to deposit liquid assets, manage creditors, and maintain accounting of expenses.
- ☐ Obtain a Federal Identification Number for the estate using IRS form SS-4. Notify the IRS of your authority to act on behalf of the estate as the court-appointed executor.
- ☐ Send formal notices of the first hearing to beneficiaries named in the will and heirs under state law, as well as to creditors. Advise all creditors in writing of my death and the need to resolve all outstanding claims within the first several weeks and include my estate identification number. (See debts listed in Section 6)
- ☐ Upon consultation with my attorney, petition court to admit the will. Consider simplified administration for small estates.
- ☐ Obtain a bond if required by state law. Confer with my attorney whether a bond is recommended or required.

Financial Management

- ☐ After consultation with my attorney and assuming my estate is solvent, assemble and pay all obligations including mortgages, credit cards, medical bills, funeral arrangements, and other bills pertaining to the continued maintenance of my home, businesses, properties etc. Determine the immediate and ongoing financial needs of my survivors. Prior to paying creditor and liability claims determine the validity of those claims.
- ☐ Identify, locate, and inventory all my assets including:
 - a. Real Estate (Section 7): Arrange for security, maintenance, and upkeep assuring that all payments are made, and that partners and tenants are notified of new ownership.
 - b. Life Insurance (Section 5): Identify all policies and determine beneficiaries. File appropriate claims. (See assets not subject to probate below).
 - c. Personal Property (Section 10): Arrange for protection and safety of my valuables and arrange appraisals requested by my attorney.

d. Safe Deposit Boxes (Section 2): Contact bank(s) and arrange for opening and inventory.

e. Bank Accounts (Section 8): Arrange for transfer of funds to new account titled in my estate.

f. Businesses (Section 10): Review my ownership or interest in any businesses and notify business partners of my death.

☐ Investment Accounts (Sections 8-9): Identify all investment accounts and arrange to transfer the title to my estate. Note that many of these accounts will transfer immediately to my beneficiaries and are not governed by my last will such as:

- Property held in joint ownership with right of survivorship.
- Pay-on-death bank accounts and transfer-on-death securities.
- Trust account assets.
- Life insurance with living beneficiaries other than the estate.
- Retirement Plans such as 401(k)/403(b), IRA, Keogh, SEP, deferred compensation and other accounts not payable to the estate.

Depending on the complexity of the estate, determine, with advice from financial consultants, appropriate tax strategy and how to pay the remaining taxes (e.g., estate taxes, remaining income taxes).

a. File final federal, state, and local income tax returns

b. File federal, state, and local income tax returns for income earned during the administration of the estate from investments or businesses.

☐ Use appraisals when necessary and inform beneficiaries of their “stepped up” basis in the property they inherit from me for their own tax records.

Estate Tax Planning

☐ Value my gross estate for estate tax purposes.

☐ File federal estate tax return (form 706) if estate value exceeds exemption amount. **Form 706 must be filed within nine months after date of death.** There may be reasons to use the alternate valuation date for federal estate tax purposes, which is six months after the date of death. This determination should be made as to which is the most beneficial to my beneficiaries.

☐ File state inheritance or estate tax return if required.

Closing Estate and Distributing Assets

- ☐ Upon payment of all claimants for any debts, distribute all remaining assets to my beneficiaries as prescribed by will, and obtain receipts for all disbursements. Also ensure that my beneficiaries are successfully receiving the non-probate assets.
- ☐ Prepare final estate accounting including reports of all receipts and disbursements and distribute to beneficiaries, and to the court if required.
- ☐ Obtain court order discharging executor and closing estate.
- ☐ Mail notice to heirs and beneficiaries about the upcoming final hearing.

Testamentary Trusts and Pour Over Will- Review for trust provisions in my last will and testament. Or it's possible that I've created a will that "pours" assets into a trust for property that is not titled in the trust during my lifetime and will likely transfer through the probate process. These arrangements are described below:

- ☐ I have testamentary trust(s) written into my will that are to be funded at my death through the probate process. The trustee is _____ and the alternate trustee is _____.
- ☐ I have a "pour over will" to address any assets during my life that I haven't funded in my living trust.

3.4(a) Living Trust Documents. I have drafted an intervivos trust that is revocable and I have titled my assets to the trust (i.e., "funded" my trust). The trust assets should avoid probate and transfer directly to the appropriate trust beneficiaries.

1. My original, current living trust document and other updates are located _____.

2. The attorney who drafted my trust is _____ located at _____.

3. I am currently the trustee. My successor trustee is _____ and the alternate successor trustees are _____.

For my successor trustee, I have provided a general checklist of administrative duties both during my incapacity and death. This may not be a comprehensive list of tasks, but it will provide a critical beginning point.

Incapacity- At my incapacity you should call my attorney who drafted the trust and ask them for the necessary documentation to appoint you as trustee. Generally it's necessary to obtain the statement of two doctors verifying that I am incapacitated. Keep in mind that as successor trustee you will be responsible for assets in my living trust and other assets will be the responsibility of the agent of my Durable Power of Attorney.

Death- At my death, gather information on the value of all my assets and determine how each asset is titled, in order to prepare a complete inventory of all the assets of the trust and estate. If necessary, arrange for an appraisal of certain assets such as real estate, jewelry, artwork, business interests, etc. If my estate exceeds the exemption for the year of death, it will be necessary to prepare and file a Federal Estate Tax Return, (Form 706). Upon its completion, you will know if there is any tax due. If there is tax owed, payment must be enclosed when the Form 706 is filed. **This Return must be filed within nine months after the date of death.** There may be reasons to use the alternate valuation date for federal estate tax purposes, which is six months after the date of death. This determination should be made according to which is the most beneficial to the beneficiaries.

Your basic duties also include:

- ☐ Prepare an Affidavit of Assumption of Duties, if necessary, to show proof the trustee has authority. Often providing a copy of the trust document is evidence enough to gain authority as trustee.
- ☐ Provide notice to heirs and beneficiaries.
- ☐ Pay all unpaid bills, taxes, and other expenses. If there are no probate proceedings, there is no formal court-supervised process for my debts, and my trustee must make sure all debts are paid before distribution to beneficiaries.
- ☐ Create an inventory of assets and get valuable property appraised.
- ☐ Distribute the assets to the appropriate beneficiaries
- ☐ If the trust is to last for an extended period of years, create an investment strategy based on my estate planning documents, along with information from this letter.
- ☐ Prepare a final accounting for the benefit of the beneficiaries and terminate the trust in accordance with the provisions of the trust document.

As trustee you may communicate with the beneficiaries about the terms of my trust and overall estate plan. Explain to them that my estate plan has been accomplished through the use of a revocable living trust and other appropriate documents that I prepared. My fiduciaries should review my estate planning documents (including this letter) to interpret my intent for the overall investment strategy for

the trust. If you have questions about managing my assets, you can refer to my attorney about the state laws regarding prudent investing. Some states require the trust be registered with the local court and other states have specific rules about how and when you must notify beneficiaries. Please consult my attorney about state trust laws.

3.4(b) Irrevocable Trust Documents.

1. The type of irrevocable trust and purpose. (Tax ID #)

Type of Irrevocable Trust	Tax ID#	Location of Original Document	Name of Trustee	Attorney who drafted document
A/B Trust (irrevocable if one of the grantors is already deceased)				
QTIP				
Special Needs Trust				
Grantor Deemed Owner Trust				
Irrevocable Life Insurance Trust				
Qualified Personal Residence Trust				
Grantor Retained Trust				
Charitable Remainder Trust				
Charitable Lead Trust				
Other				

3.4(c) I Am a Beneficiary of a Trust. A trust drafted by _____ the grantor, has named me as a beneficiary under the articles of the trust. To my knowledge, I am:

- ☐ Income Beneficiary
- ☐ Remainder Beneficiary
- ☐ Both

3.5 Caring for My Dependents. This section names all minors—whether my own children or others—for whom I regularly provide care. For my own children, the "Guardians and Property Managers" section below lists the people who have agreed to be their primary caretakers following my incapacity or death. For adult children with special needs (and other adults) for whom I provide care, additional information is available in this section.

1. Minors. The people listed below rely on me for care and support. Please help to fill in for me until new caregivers assume their roles. For the type of care and support for each individual in this section, refer to #2.

Person's Name and Contact Information	Date of Birth	Person's Relationship to Me	Is this person a minor or adult with special needs?	Guardians and Property Managers

2. Children/Adults with special needs.

Name of person with special needs _____. The following is information that might help you in the transition of this person's care. I've answered questions below that will provide insight into my thoughts regarding their care:

Residence

If something should happen to me tomorrow, I would like this person to live at/with:

Education

Based on your lifelong perspective of this person's capabilities what level of education might be feasible, and what would you like to see provided?

Employment

What has this person enjoyed in the way of employment? Consider his or her goals, aspirations, limitations, etc.

Medical Care

What has and has not worked with this person in the realm of medical care? What should future caregivers know?

Behavior Management

Describe one or more approaches that have worked best in your absence during difficult transition periods in this person's life.

Social

What social activities make life meaningful for this person?

Religious

Is there a special church or synagogue this person prefers for fellowship?

Additional Considerations

3.6 Durable Power of Attorney for Finances. This section contains information about my durable power of attorney for finances. The document I drafted is durable, which means it remains effective after I am incapacitated and unable to manage my own affairs. It should be noted that if I die, all the powers granted in this document will be terminated. The information about who will then handle my affairs immediately following my death is found in sections 3.3 and 3.4, which addresses my last will and trust documents. You can consult my attorney if you have questions about my Durable Power of Attorney for Finances or need help carrying out its terms. If you have questions about managing my assets, you can refer to my attorney about the state laws regarding prudent investing.

1. Type of Power of Attorney (Durable or Springing?)_____.
2. My original, current Power of Attorney document (and other updates) is located_____.
3. The attorney who drafted my Power of Attorney is _____located at
_____.

My agent under the power of attorney is _____ and the alternate agents are _____ . For my agent, I have provided a general checklist of administrative duties. This may not be a comprehensive list of tasks, but it provides a critical beginning point.

Incapacity- At my incapacity you should call my attorney who drafted the power of attorney document and ask them for the necessary documentation to appoint you as agent. Generally it's necessary to obtain the statement of two doctors verifying I am incapacitated for a "springing" power of attorney. Keep in mind as my agent you will be responsible for managing my assets except those assets titled in a living trust, which will be the responsibility of the successor trustee to manage. Please review the following:

- ☐ Review the complete inventory of my assets, from the Direction Memo™, so you know what you are responsible for managing. Create an investment strategy based on the terms of my estate planning documents, along with information from this letter.
- ☐ Make sure that the assets are kept safe and keep property such as real estate and motor vehicles properly insured.
- ☐ Income (the money you receive for me) should be deposited in my existing accounts. Never commingle our funds in the same account. Expenses (the money you pay for my needs) should be paid from my accounts and funds. Do not use your own funds for my expenses.
- ☐ Consult with my attorney for additional advice about what is necessary to carry out your duties as agent under my power of attorney.

Death- At my death any power of attorney document is invalid. The appointed death fiduciaries are referenced in sections 3.3 and 3.4.

3.7 Health Care Documents (Advance Directives).

A. Living Will Document

1. My original, current living will document (and other updates) are located

_____.

2. The attorney who drafted my living will is _____ located at

_____.

3. My surrogate is _____ and the alternate surrogates are

_____. To my surrogate,

you are assigned to express my wishes regarding the withdrawal of life-sustaining measures for me by the terms of my living will document.

B. Durable Power of Attorney for Health Care (DPOAHC)

1. My original, current Durable Power of Attorney for Health Care (DPOAHC) document (and other updates) are located_____.

2. The attorney who drafted my DPOAHC is _____ located at

3. My surrogate is _____ and the alternate surrogates are _____. To my surrogate, the DPOAHC gives you the authority to make medical decisions for me if I'm unable to make informed decisions regarding my medical treatment and procedures and/or unable to communicate those decisions.

C. Other Health Care Directive Documents: _____

3.8 My Estate Planning Attorney.

A. Contact information_____

B. Fee arrangements (If I have a written fee agreement)_____

C. Specific instructions

3.9 Other Estate Plan Documents

A. Other letters of instruction (outside of the Direction Memo™)

B. Other relevant information

Section 4

Estate Planning: Ownership and Transfer of Property

4.1 Purpose of Section 4. This section is designed to educate and inform my fiduciaries regarding asset titling and how property will be transferred at my death. My executor and/or trustee, family, and professional advisors should collaborate and cooperate with each other to ensure my estate plan is properly completed.

4.2 Questions related to my property and holding title. As you begin to review my property and identify the beneficiaries, you should ask the following questions about all property owned at my death carrying a legal title:

1. Is this property included in my probate estate (governed by my will or the state laws of intestacy)?
2. Does this property have an automatic right of survivorship?
3. Did I name a beneficiary(s) for this asset such as with retirement plan, life insurance, or "Transfer on Death" designations?
4. Have I drafted a living trust and properly titled my assets in the name of the trust?

Once you've reviewed my property titles, you'll have a clear understanding of who my beneficiaries are. My professional advisors will be instrumental to assist you in answer questions relating to asset titling.

4.3 Definition of property title types. In this section I have described the property title types in which my property might be owned. If I have used any "will substitutes" for my property, this is recognized and further explained in section 4.5.

Sole Ownership- This is complete ownership and full control by one person who has the right to do whatever they wish with the property. Sole ownership assets commonly pass through the probate process at the owner's death. That means either the decedent's will or the state laws of intestacy determine the beneficiaries.

Joint Tenants With Right of Survivorship (JTWROS) - This is an interest in a property held by two or more people with each person holding an undivided equal interest. Although this is typically used for married couples or domestic partners, this type of ownership can be used for any relationship. At the death of the first owner, the property transfers to the remaining owner(s) without going through probate. Typically half of the property value is included in the estate of the first owner at death, depending on the surviving owner's contribution to the property.

Tenants in Common - This is most commonly used as a joint interest property between two or more non-spouses. Unlike JTWROS, a tenant in common doesn't always mean there is equal ownership between stakeholders. For example, three people could own a lake property separately as 60%, 30%, and 10% owners as tenants in common. Another difference between tenants in common and JTWROS is that creditors typically can't seize the property of the other tenants in common owners if one of the owners has creditor issues. Because the structure of tenants in common in some ways resembles sole

ownership, the owners' interest will pass through probate at their death. That means the will or the state laws of intestacy determine the beneficiaries.

Tenants By the Entirety - This type of ownership can only be used by a husband and wife during marriage. This type of title is similar to JTWROS, but offers better protection if one spouse is sued or files for bankruptcy.

Community Property – This is used in several states that base their laws around property ownership originating from French and Spanish law and do not recognize the common law regime used by most other states from English law. Currently the nine states that have a form of community property ownership are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. Community property suggests that upon marriage, the income and property acquired during marriage is considered community property. This means each spouse owns 50% of the property. There are exceptions for inheritances and gifts that occur during the marriage, which may be kept as separately owned property. Property acquired before a marriage can also be kept as separate property as long as it isn't commingled. Community property states have different rules governing probate, so it's important to understand my state's process when settling my estate, if applicable. For example, five states — Alaska, Arizona, California, Nevada and Wisconsin — allow couples to avoid probate by titling their property as "community property with right of survivorship."

- ☐ Do you live in a Community Property State or did you formerly reside in a Community Property state?

Custodian for a Minor. An adult can hold property for a minor under the Uniform Transfers to Minors Act (UTMA) or Uniform Gifts to Minors Act (UGMA). Once the minor becomes an adult under state law, the minor assumes full control of the assets and the custodian has no authority. Note that section 529 plans and Section 530 (Coverdell Education IRAs) contain certain characteristics of holding accounts for minors, but do not transfer to the minor automatically when they reach the age of majority.

Life Estate. A life estate is the use of real property that generally terminates at the death of the tenant. A life estate also is utilized when someone donates their home to charity but wants to live in the home until their death, called a **life estate reserved**.

4.4 Probate Acceptance vs. Probate Avoidance

1. The following are the reasons I prefer transferring most or all of my property through probate.

(Check all that apply)

- ☐ Minor children that must have a guardian appointed to them.
- ☐ I want my creditors to have the time allowed by law to claim debts I owed them. I don't want any confusion with my debts not being paid prior to my beneficiaries inheriting property.
- ☐ Because I want my estate to have court supervision.
- ☐ Other _____

2. The following are the reasons I wish for my estate to avoid the probate process.

- ☐ I am concerned about the privacy of my estate. I don't want anyone to have access to court records to know who my beneficiaries are.
- ☐ I object to the typical time that it takes to move through the probate process in court. I feel my estate would transfer more efficiently by avoiding probate.
- ☐ Probate costs are higher generally than avoiding probate. I feel confident enough in the organization of my estate that avoiding probate would be advantageous.
- ☐ I own real estate in more than one state and I am concerned with ancillary probate.
- ☐ I wish to avoid a will contest by avoiding probate. By communicating with my beneficiaries today, I intend to diffuse any potential disagreements immediately rather than when I am gone.
- ☐ Other _____

4.5 Will Substitutes. This section describes my assets that are titled in a such a way that property passes directly to my beneficiaries and avoids the probate process. These are commonly referred to as "will substitutes." In sections 5-10, I've provided the title of most assets and identified whether a will substitute is being utilized.

A. **Contract Law**-This applies to property with designated beneficiaries that have been established prior to the owner's death. Beneficiaries do not have any rights or control of the property until the owner's death. The most common property that passes by state contract law is retirement plan assets such as IRA's, 401(k) and 403(b) assets. Life insurance and annuity contracts also allow the owner to directly name beneficiaries in order to avoid probate. Finally, Totten trusts, payable on death (POD) accounts, and transferable on death (TOD) accounts are also recognized by state contract law.

B. **Operation of Law in Jointly Owned Property**- Joint tenants with rights of survivorship (JTWROS) or tenants by the entirety property transfers outside the probate process by operation of law. That means for a married couple, the property titled in one of these ways will avoid probate at the death of the first spouse. If the surviving spouse re-titles the property in their own name as sole ownership upon the death of the first spouse, the property will transfer through probate following the second spouse's death.

C. **Trust.** Typically, property titled in the name of a trust is the result of establishing a revocable living trust, and transferring title of existing assets to it. All trust property (e.g., stocks, vehicles, homes, etc.) avoids the probate process. Upon the death of the grantor, the property is managed and distributed by the trustee according to the provisions of the trust, and therefore has no need to be re-titled.

- ☐ I have not drafted a revocable living trust.

- ☐ I have drafted the _____ trust dated _____. You can refer to section 3.4(a) of this Memo, and the trust document for further details regarding this arrangement.

4.6 Gifting during and after my life. My legal estate documents may provide the authority for my fiduciaries to continue making gifts on my behalf, in the event of my incapacitation. (Check all that apply)

- ☐ I have made gifts during my lifetime to individuals, other than my spouse, of less than the annual exclusion (currently \$13,000/\$26,000 for a married couple) in any given year and have never had to file a federal gift tax form 709.
- ☐ I have gifted individuals, other than my spouse, more than the annual exclusion and therefore owed gift tax. I paid the taxes that year or used part of my allowable gift tax exemption filing federal form 709.

I've made historical gifts to the following people per my recollection or documentation:

Name/Relationship to Me	Tax Year(s)	Amount

1. With an unlimited marital deduction for my spouse, my fiduciaries should review and determine if property should be gifted to my spouse in order to "equalize" our estate thereby utilizing both of our exemptions for federal estate taxes. Note that Congress may extend "portability" with federal estate taxes beyond 2012, and make estate equalization less relevant.
2. There are no gift taxes owed on gifts to qualified charities.
3. Gifts made directly to a qualified educational or medical institution for an individual's tuition or medical expenses allows for an unlimited exclusion from gift tax. Therefore an annual gift followed under the exclusion could be greater than \$13,000(\$26,000 for a married couple) for the benefit of another, if paid directly to the educational or medical institution.

4.7 Current Federal Estate Taxes. \$5,000,000 per individual for the 2011-2012 tax years, the credit is unified with federal gift taxes.

4.8 Current Federal Gift Tax Laws. \$5,000,000 per individual for the 2011-2012 tax years, the credit is unified with federal estate taxes.

4.9 Unlimited Marital Deduction. Note the "Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010" has introduced "portability" allowing the surviving spouse to utilize their late spouse's remaining federal estate exemption. If portability prevails beyond 2012, estate equalization could be less relevant in the future.

4.9(a) Disclaimers. Are disclaimers part of your current estate planning documents? (Yes/No)

Notes: _____

4.9(b) Estate Equalization. I have drafted estate planning documents or re-titled assets to ensure that both spouses are able to utilize their estate tax exemption. (Yes/No)

4.10 Calculating Gross Estate. If my gross estate is valued higher than the federal exemption for estate taxes, my fiduciaries must file federal form 706. My fiduciaries should ask my estate attorney to assist in completing and filing federal form 706, to determine if there are transfer taxes owed from my estate. It's important the form is completed accurately and within **nine months** of death. Also it may be useful to educate my beneficiaries on assets they inherit from me with a tax basis that will "step-up" to the fair market value at the date of my death. Other assets my beneficiaries will inherit from me may be subject to ordinary income. This is well outlined in sections 7-10 with regard to my assets.

4.11 Generation Skipping Transfer Concerns. A skip person is defined as a natural person assigned to a generation which is 2 or more generations below the generation assignment of the transferor, or a trust that has one or more skip persons. Any individual other than a spouse or ex-spouse is considered a skip person if they are 37.5 years or younger than the transferor.

- ☐ I will not have any beneficiaries in my estate who are considered a "skip person" for purposes for the Generation Skipping Tax.
- ☐ I will have beneficiaries of my estate who are considered a "skip person" for purposes of the Generation Skipping Transfer Tax.

4.12 Death Taxes by State.

My state of domicile is _____.

Note any relevant information regarding estate/inheritance taxes in your state of domicile.

4.13 Miscellaneous Asset Titling Information.

Section 5

Insurance and Risk Management Plan

5.1 Purpose. This section lists all of my insurance policies, risk management plans, or legal arrangements drafted to limit a variety of risks. My fiduciary should review insurance paperwork and modify policies if necessary, cancel policies that are no longer needed, or claim benefits that are due. Keep in mind you may need to review property and casualty insurance, keeping it in force until my property is distributed at my incapacity or death. In this section you will find the location of my policies and/or the contact information for the insurance carriers.

5.2 Risk Management Plan & Legal Protection. Please locate any legal documents that pertain to mitigating risks (e.g., marital agreements, hold harmless agreements, etc.).

Type of Legal Document	Location of Original	Attorney who drafted document

You may also find information about various legal documents and arrangements throughout the Direction Memo™ related to loans, real estate, charitable giving, and business interests.

5.3 Life Insurance. In this section you will find life insurance policies owned by myself or owned by others on my life. You may also find policies that I own on someone else's life. All of this information may be necessary to calculate my gross estate. It will be important to review the life insurance policies I own in the event of my incapacity to ensure that my policies don't lapse prior to my death. My fiduciaries will need to contact the insurance company(s) at my death to complete required forms, and to provide a copy of the death certificate. In this section, I have also considered who the beneficiaries are of my life insurance and included recommended priorities for utilizing the proceeds in the event of my death.

Name of Insurance Co.	Contract #	Face Value	Cash Value	Loan Info

I've also included additional arrangements regarding life insurance, if applicable.

1. Life insurance policies owned on my life by someone other than myself:

2. Policies that I own on someone else's life:

3. Irrevocable Life Insurance Trust (ILIT):

Also see section 3.4(b) for additional information regarding ILIT.

4. Accidental death life insurance benefits:

5. Credit life insurance with mortgage (also review section 6.3):

5.3 (a) Guidance on how my primary beneficiaries should use life insurance benefits. I have added this section to my Direction Memo™ to provide guidance to beneficiaries who receive a life insurance settlement at my death. This may be one of the biggest payments you receive during life, and I'd request that you pause and review your financial situation in order to make a rational decision on how to use these resources. Since I am not there to discuss these decisions, I have provided you some suggestions based on relevant facts I had at the time I drafted my Direction Memo™. I am fully aware that financial and household dynamics may change, and my beneficiaries are free to use their own discretion with the death benefits of my life insurance.

Prioritizations of Life Insurance Settlement (either rank or use percentage)

Use	Rank	Percentage
Kids /Grandkids Education		
Pay Mortgage Principal		
Pay Consumer Debt(Car Loans, Credit Cards)		
Provide cash flow for the Household		
Create a Household Emergency Fund		
Invest for Spouse/Partner's Future Retirement		
Charitable Giving (See section 11)		
Financial Support to Minor Children		
My final arrangement expenses		
Probate Fees and Estate Taxes		
Other_____		
Other_____		
		Total 100%

5.4 Homeowners Insurance. My homeowner's or renter's insurance policies are located at _____. The insurance companies are _____ and my agent is _____. Note that if you are searching for information on insurance policies for rental units you might also locate this information in section 7, if not provided here.

Additional Homeowner Policies: _____

5.5 (a) Auto Insurance. I have included the insurance information for all my vehicles with current auto policies:

Vehicle	Insurance Company	Location of Policy	Insurance Agent

5.5 (b) Recreational Vehicle /Watercraft Insurance.

Vehicle	Insurance Company	Location of Policy	Insurance Agent

5.6 Umbrella (Liability) Insurance. My "umbrella" liability policy is designed to mitigate the risks of damaging events whose liability exceeds the limits of my homeowner's and auto policies. My umbrella policy is located at _____. The insurance company(s) are _____ and my agent is _____. Note that if you are looking for additional information on my liability protection, you may find this with my homeowner's and auto policies.

5.7 Long Term Care Insurance (LTCI).

- ☐ I do not own a long-term care insurance policy. If I meet certain criteria, Medicare can cover as much as 100 days of nursing home care during a "benefit period." Medicare may cover everything for the first 20 days, but I may be responsible for large co-payments for each covered day after the 20th.
- ☐ I own long term care insurance and my policy is located at _____. The insurance company(s) is _____ and my agent is _____.

- ☐ I have made a financial commitment for entrance endowment fees at a skilled nursing home facility_____.
- ☐ I am a war-time Veteran with 90 days of active duty, 1 day beginning or ending during a period of any War. Such a Veteran is eligible to apply for disability and long-term care aid from the Veterans Administration. Benefits for a surviving spouse of a War-Time Veteran may also be available. (The marriage must have ended due to the death of the veteran.) War-Time Veterans qualify for three tiers of care:
 1. Basic
 2. Housebound
 3. The Aid and Attendance Benefit

For addition questions go to <http://www.va.gov> and review the “Veterans Pension Program” or call the VA at 1-800-827-1000.

5.8 Disability Insurance. I have coverage to protect my income should an event occur that would prevent me from working for an extended period of time. In the event I have an injury where I can’t communicate, I am adding my disability insurance information to my Direction Memo™.

- ☐ I do not own a short-term disability policy.
- ☐ I own short-term disability insurance and my policy is located at _____.
The insurance company is _____ and my agent is _____.
- ☐ I do not own a long-term disability policy.
- ☐ I own long-term disability insurance and my policy is located at _____.
The insurance company is _____ and my agent is _____.

5.9 Health Insurance. In this section I have identified my major medical insurance provider and contact information in the event I am injured and can’t communicate. I have also listed my other health insurance policies such as dental, vision, and critical illness insurance. If I have a Health Savings Account (HSA) I have included that information in this section as well.

1. Major Medical Provider (Medical Supplement if already on Medicare) I own medical insurance and my policy is located at _____. The insurance company is _____ and my agent is _____.

2. Other health related insurance policies. I own _____ insurance and my policy is located at _____. The insurance company(s) is _____ and my agent is _____.

3. Health Savings Account (HSA) information:

☐ I don't own a Health Savings Account

Plan Administrator Contact Information and Account Number	Primary Designated Beneficiaries	Location of paperwork

5.10 Business Related Insurance.

Type	Insurance Co.	Contract #	Agent
Employment practices liability insurance			
Malpractice and Errors and Omissions Insurance			
"Key Employee" life insurance on my life (and the other owners of my business)			
Group life and long-term care insurance policies subsidized by my employer			
Other business insurance			

5.11 Miscellaneous Insurance & Risk Management Issues:

Section 6

Debts I Owe and People Who Owe Me

6.1 Purpose. This section includes information about my personal and commercial debts (e.g., mortgages, consumer loans, credit cards, etc.) or information about people who owe me a debt. I will also identify my significant debt-related history which may provide you perspective in the future. You will find directions to review my credit in the event of my incapacity to monitor for accurate reporting. In the event of my death, this section will be a convenient reference to send a formal notice to creditors, along with a death certificate, so a financial institution can change the ownership titling to my estate.

6.2 Consumer Debt and Revolvers. My current consumer debt information contains the necessary contact information for the institutions where I have outstanding debts.

1. Credit Cards (even if no balance):

2. Auto:

3. Home Equity:

4. Other:

6.3 Mortgage. The following information regarding my mortgage(s) contains the necessary contact information at the institutions where I have outstanding mortgage(s).

Mortgage for _____ (property address) has a balance of \$_____ with _____ (lender). My mortgage interest rate is _____ and is:

- ☐ Fixed
- ☐ ARM
- ☐ I do carry Credit Life Insurance with the mortgage company.

Additional Mortgages:

6.4 Reverse Mortgage. A reverse mortgage is an arrangement where homeowners over the age of 62 enter into an agreement with a financial institution to make payments to the homeowner. The homeowner typically makes this arrangement in order to provide an income stream during retirement.

- ☐ I do not have a reverse mortgage arrangement.
- ☐ I have a reverse mortgage for _____ (property address), which carries a balance of \$_____ with _____ (lender). When my reverse mortgage terminates, the proceeds of the sale of my home will be used to pay off the reverse mortgage debt.

If my fiduciaries must execute a reverse mortgage on my behalf, you may consider contacting:

6.5 Business Debt Financing Arrangements. Any information regarding debts related to my business interests coupled with my personal credit are included in this section (or section 10 on business ownership information). Debt can be a loan, line of credit, bond, or even an IOU -- any promise to repay borrowed amounts over a certain time with a specific interest rate and other terms. Relevant notes:

6.6 Credit Issues and Bankruptcy

- ☐ I don't have any credit problems of significant relevance.
- ☐ Issues related to my credit history occurred_____ and _____ is the attorney who assisted me with those credit-related issues.
- ☐ In the event of my incapacity I request that my fiduciaries periodically review my credit report. My executor should also order one copy of my credit report from each of the credit reporting agencies when finalizing my estate, to ensure all my creditors are notified and to review any suspicious activity. I am entitled to one free credit report each year by taking one of the following steps:
 - www.annualcreditreport.com. AnnualCreditReport.com provides consumers with the secure means to request and obtain a free credit report once every 12 months from each of the three nationwide consumer credit reporting companies in accordance with the Fair and Accurate Credit Transactions Act.
 - You may also make the credit inquiry by calling 877-322-8228.

Note that my executor and power of attorney agent must submit evidence they are authorized to request my credit report including letters of appointment and a death certificate.

6.7 People Who Owe Outstanding Debts to Me.

1. Formal loans with written legal agreements:

2. Informal loans that I want to acknowledge:

3. Property sold on contract:

4. Debts owed to me that I wish to have forgiven on my death (should be formalized):

6.8 Other Bills and Miscellaneous Debt Information. Here I have documented notes regarding automatic payments, bills that I pay online, online statements I no longer have mailed to my home, and any additional debt information that hasn't been addressed in previous sections.

Section 7

Real Estate

7.1 Purpose In this section you will find information about my real estate. My real estate may be the most challenging type of asset for my fiduciaries to manage, should something happen to me. This may include maintenance, buying and selling, and the management of my real estate. My fiduciaries can learn the location of deeds, contracts, tax information, and other relevant real estate information in this section. This includes real estate professionals who are qualified to help you in managing, selling, or buying my real estate. In 7.3 you'll find a list of all the real estate I own personally.

7.2 Legal Arrangements & Paperwork

1. Real estate attorneys I have hired for previous transactions (Name and Contact Info):

2. The location of title abstract, deeds, property management records, and other real estate paperwork:

3. Title insurance policy information:

7.3 My real estate. In this section you'll find a list of all the real estate in which I have some type of personal ownership:

Parcel No. / or Address	Type: land, residential, commercial, industrial	Assessed Value	Title description (e.g., sole ownership, joint tenancy, trust, etc.)

7.4 Real Estate I own in a group investment or business entity. This section includes real estate arrangements where I possess ownership with a pool of other investors. (Include ownership interest, title description, and estimated value):

1. General Limited partnership:

2. Corporation, LLC, or other business entity:

3. Privately held Real Estate Investment Trusts (REITs):

4. Life Estate:

5. Timeshares:

7.5 Real Estate Professionals. My fiduciaries may need to seek the assistance of real estate professionals who are experts in the markets where I own property. It's possible that some of these professionals may also be named in my legal documents requiring that you hire them; however it's my intention in this letter to suggest contacting the following professionals for various needs.

1. Real estate agent(s):

2. Property Manager(s):

3. Other professionals:

7.6(a) Tax Information. My fiduciaries may need to be aware of important tax information regarding my real estate both during my life and after death. This includes being aware of the tax “basis” in my property, potential exemptions from selling my primary residence, depreciation, or any exchanges “swaps” of real estate I have previously engaged in.

1. The sale of a primary residence. You may need to sell my home in the event of my incapacity. If I have a gain from the sale of my principal residence, you may be able to exclude up to \$250,000 of the gain from my income (\$500,000 on a joint return). If you can exclude all of the gain, you do not need to report the sale on the tax return. If you sell my home after my death, the above rules may be different. You should seek guidance from my tax or legal professional before agreeing to sell my home.
 2. Depreciation. I have been depreciating _____ (property address(es)) and you can find further information on my previous tax returns and through my tax professional. If you are selling real estate I own in the event of my incapacity, you should be aware of any potential tax liabilities. There is no way to avoid depreciation recapture taxes, except through death; thus my beneficiaries should receive a "step-up" in cost basis upon my death.
 3. 1031 Exchanges. A 1031 exchange means that I’ve employed a tax strategy of deferring the payment of capital gain and depreciation recapture taxes throughout my lifetime completing a 1031 exchange by “swapping” investment real estate. Internal Revenue Code 1031 defines the terms for what is deemed an acceptable exchange for “like-kind” investment real estate.
- ☐ I have engaged in a 1031 exchange for _____ (property address).

7.6(b) Cost Basis. The following is my account of the current tax basis of all of my real estate from sections 7.3 & 7.4:

Property Description	Original Tax Basis	Additional investments for improvements (if applicable)	1031 and/or depreciation implications? Y or N

This information should be verified with my tax professional prior to making any buying or selling decisions.

7.7 Property Taxes. You may locate information regarding my property taxes in section 2.13 under “occasional expenses.” This section can serve to remind my fiduciaries to review my property tax assessments in the event of my incapacity or death. If you believe the assessed values are too high, you should get some proof in the form of an appraisal in order to dispute the property tax.

7.8 Miscellaneous Real Estate Information:

Section 8

Nonqualified (After Tax) Savings and Investments

8.1 Purpose. The following is a summary of my nonqualified (or “after tax”) bank and publically traded investments. My “pretax” accounts such as IRA’s, 401(k) and 403(b) assets are listed in Section 9. You should refer to my estate planning documents such as my durable power of attorney for finances and/or living trust (Section 3) for complete information about managing or distributing the funds in these accounts. Section 8.9 also provides the location of any current Investment Policy Statements (IPS) that I have drafted along with my Advance Investment Philosophy™ (AIP) in 8.10. This information should provide additional guidance to my fiduciaries to make decisions regarding management of assets. Contact each financial institution to arrange account access according to the powers granted in my planning documents. If I have named a Pay On Death or Transfer On Death beneficiary for an account, I have included the beneficiary’s name with the account information in sections 8.2 & 8.3. Upon my death, the beneficiary can go to the financial institution with a certified copy of the death certificate and collect the assets, without probate proceedings. My fiduciaries will also find important tax information in 8.8 regarding any investments where the tax “basis” is crucial to future trading decisions with both gains and losses.

8.2 Checking, Savings, CD’s. My banking relationships are outlined in this section identifying my savings considered short-term cash equivalents.

Financial Institution	Account #	Account Balance Estimate	Title on Acct	POD or TOD beneficiary? Yes or No	Are you currently using any income or assets from this account? Yes or No

Additional Notes:

8.3 Nonqualified Investment Accounts. My fiduciaries will find important tax information for my nonqualified investments in section 8.8 including capital gains and losses. Certain bonds or structured notes may offer “death puts” that ensure the full value of the bond will be paid to my beneficiaries at my death. If I own such bonds this estate feature should be reviewed for the advantage of my beneficiaries.

Financial Institution	Account #	Account Balance Estimate	Title on Acct	POD or TOD Beneficiary ? Yes or No	Are you currently using any income or assets from this account? Yes or No

Additional Notes:

8.4 After Tax (Nonqualified) Commercial Annuities. This section lists any commercial annuity contracts I have entered into with an insurance company. The importance of this section is to inform my fiduciaries of any “riders” that I’ve purchased such as guaranteed living or death benefits that may pay more to my beneficiaries than the current market value. In addition, the growth in a commercial annuity is taxed as ordinary income rather than capital gain income and my fiduciaries should be aware of the tax difference between commercial annuities vs. other nonqualified investments. There is not a “step up” basis allowed for commercial annuities at the death of the owner compared to nonqualified stocks, bonds, and other investments. Any beneficiary, other than a qualified charity, must report income and pay taxes.

Insurance Company	Contract #	Account Balance Estimate	Title on Acct	Primary Designated Beneficiaries	Are you currently using any income or assets from this account? Yes or No

Additional Notes:

8.5 Private Equity, Hedge Funds, Real Estate, Oil and Gas Partnerships. Limited partnerships I own are described in this section. A Limited Partnership (LP) is a formal arrangement where an investor can own virtually any type of asset. Accordingly, investment parameters vary significantly from partnership to partnership. LPs offer limited pass-through of tax losses, which may then be used by investors to offset income of the partnership. Any LPs listed in this section are investments where I earn “passive income” because I don’t materially participate in the partnership. Partnerships where I am actively involved are included in Section 10.8 with my business interests. My fiduciaries should carefully study the liquidity and income tax obligations from LPs.

Financial Intermediary	Account #	Account Balance Estimate	Title on Acct	Investment a result of 1031 exchange? Yes or No	Are you currently using any income or assets from this account? Yes or No

Additional Notes:

8.6 Future Anticipated Inheritance, Gifts, or Lawsuit Judgments. This section is for various circumstances where I am the future beneficiary of an estate, gift, or other settlement of which my fiduciaries should be aware. While I may not be aware of every case where I have been named as beneficiary, I will list notable ones. I also understand that in very few circumstances should one expect or depend upon inheritance for my financial needs.

Individuals name who I anticipate to receive an inheritance/gift/settlement	Type of investments expected to inherit and/or income from those assets	Estimated Value

Additional Notes:

8.7 Minor's Accounts and College Savings Plans. This section includes accounts where I am either the custodian or account owner for the benefit of a minor. These accounts may have different purposes and I will summarize my objectives for these accounts in this section. My fiduciaries should review the accounts listed in this section and review my instructions. For any section 529 or 530 plans that I own, the successor account owner will make future decisions in the event of my death and my agent under a power of attorney shall do so during a time of incapacity.

1. Section 529 Plan of which I am current owner.

Primary Beneficiary (Individual who will use the funds for post-secondary education)	Financial Institution	Account #	Contingent Account Owner (In the event of my death)

2. Coverdell ESA or Education IRA (IRC Section 530) of which I am current owner.

Primary Beneficiary (Individual who will use the funds for post-secondary education)	Financial Institution	Account #	Contingent Account Owner (In the event of my death)

3. Uniform Gifts to Minors Act (UGMA) account or in some states, in a Uniform Transfers to Minors Act (UTMA) account

Name of Minor	Financial Institution	Account #	Successor Custodian (In the event of my death or incapacity)

4. A minor's trust, established under the provisions of Internal Revenue Code (IRC) [Section 2503\(c\)](#)

Name of Minor	Financial Institution	Account #	Successor Trustee (In the event of my death or incapacity)

For section 529 and 530 plans that I own, should the beneficiaries decide not to attend a post-secondary institution, or do not need funding because of scholarships, I'd recommend the contingent account owner:

- ☐ Allow the current beneficiary to keep the assets despite not needing the funds specifically for post-secondary education. If "yes" when should the current beneficiary receive assets?

Notes: _____

- ☐ Transfer the assets to another beneficiary if the current beneficiary doesn't need the funds for education. (Name other potential contingent beneficiaries).

Notes: _____

- ☐ Other option(s):

8.8 Taxation Issues with Nonqualified Investments. This section includes any relevant tax information my fiduciaries should understand before buying or selling any of my nonqualified investments. In the event of my incapacity, my fiduciaries should be aware of the embedded capital gains and consequences of selling my investments. At my death, it's likely most of the embedded capital gains and other income tax issues will be eliminated because of the tax basis "step up" of those investments to the fair market value. If I am married, keep in mind that common law states and community property states have different rules for a partial or full "step up" in tax basis for my spouse. Review these issues with my professional advisors before making any irrevocable decisions.

8.8(a) Notable investments with embedded capital gains or losses:

Investment	Original Cost Basis	Current estimated value	Owned Investment for more than 12 months? Yes or No

8.8(b) Losses. If I sold an investment for a loss, my fiduciaries should use those remaining losses to offset any gains I have with other investments on IRS Form 1040, Schedule D. If my total capital losses exceed the total capital gains for the whole year, then I have a net capital loss. Net capital losses are deductible up to a limit of \$3,000 per year. Net capital losses in excess of the \$3,000 limit are carried forward to next year's taxes. Net capital losses expire in the year that a taxpayer dies. Neither the taxpayer's estate nor the taxpayer's spouse can claim a capital loss carryover for investment assets held only in the name of the taxpayer. For jointly held assets, my surviving spouse may be able to continue to carryover the losses after my death. I have carry-forward losses of _____ for the current

tax year and beyond. This information may also be verified with my Accountant. Be sure to check with my professional advisors to determine the current carry-forward allowances as tax laws may have changed since I wrote this.

8.8(c) I own investments that may trigger Alternative Minimum Tax (AMT) and my fiduciaries should be aware of any issues that may occur from exercising stock options and buying or selling these investments. I will provide relevant information, however you should visit with a qualified professional prior to exercising Incentive Stock Options listed in Section 8.3.

☐ I DO NOT own Incentive Stock Options

☐ I own Incentive Stock Options:

1. What is the earliest date you can exercise the option? _____
2. Are they exercisable in phases? _____
3. What do you need to do when you exercise the option? _____
4. Is cashless exercise available or does the company want to you own the options for an extended period? _____
5. When will the option terminate? Can you exercise after your employment terminates? What if you die while holding the option? _____

8.8 (d)

☐ I own a limited partnership (LP) listed in section 8.3 where I receive “passive” income and do not participate in the management of the partnership. The LP may also depreciate assets within the partnership causing additional tax complexities if this asset is sold during my life.

8.9 Investment Policy Statement (IPS).

- ☐ I have a current IPS dated _____ which is located _____.
- ☐ My financial professional who helped prepare this document is _____.

An Investment Policy Statement is a document created for a specific investor to outline their investment philosophy and investment goals, and serves as a guidepost for the investment decision-makers, creating a disciplined system for future investment decisions. It can help my family and my fiduciaries stay on track during volatile times. This is because the Investment Policy Statement is a clear intention of my household's investment goals. Goals and risk tolerance change over time, and so I've made an effort to update the IPS regularly. Furthermore, you can get a better understanding of my perspective from reviewing my Advance Investment Philosophy™ (AIP). The goal of the AIP is to allow me to have influence on my investments if I can't physically convey my feelings on various investment topics.

8.10 Advance Investment Philosophy™ (AIP). The goal of the AIP is to assist my family and fiduciaries and allow me to continue to have influence over investment decisions, should I die or become incapacitated. Review my AIP accordingly when drafting future Investment Policy Statements and making general investment decisions. The AIP explains why I own the investments in my portfolio. The AIP is communicated through four key areas including: my financial situation, goals, feelings, and family dynamics.

8.10 (a) Financial Situation

I _____ that my fiduciaries should be aware of over-concentration with any investment(s) in my investment portfolio.

- A. Strongly Agree
- B. Somewhat Agree
- C. Neutral
- D. Somewhat Disagree
- E. Strongly Disagree

If A or B:

The reason for my over-concentration in these investments is because_____.

- A. The investment has outperformed many of my other investments.
- B. The investment is a family owned business.
- C. I was an employee at this business and accrued significant ownership over a long period of time.
- D. There will be significant tax consequences in selling this investment prior to my death.
- E. Other reasons: _____

I _____ that it's important to invest in securities designed to be income-producing
(with a stability in principal) as a priority rather than capital appreciation as the primary goal.

- A. Strongly Agree
- B. Somewhat Agree
- C. Neutral
- D. Somewhat Disagree
- E. Strongly Disagree

If A or B:

My family and/or fiduciaries should frequently review my portfolio to ensure that the investments I own are generating appropriate income. I have a preference to the following asset types in order to achieve my income goals:

- ☐ Certificates of Deposit
- ☐ Bonds
- ☐ Fixed Annuities
- ☐ Preferred Stocks
- ☐ Common Stocks with higher than average dividend yield
- ☐ Other: _____

I _____ that a significant amount of my household's investable assets should be placed in cash and "cash equivalents." This is defined as assets that are readily convertible into cash, such as money market holdings, short-term government bonds or Treasury bills, marketable securities, and commercial paper.

- A. Strongly Agree
- B. Somewhat Agree
- C. Neutral
- D. Somewhat Disagree
- E. Strongly Disagree

If A or B:

I am interested in building my cash reserves because_____.

- ☐ The amount of cash equivalents in my portfolio should increase over time based on how rapidly the need for more capital occurs.
- ☐ I am not as interested in “tying up” more assets in long-term investments such as stocks, bonds, or real estate.
- ☐ I want to protect my long-term portfolio by having enough cash to take care of any short-term emergencies and other expenditures.
- ☐ Because my household is in the investor life cycle of either the “spending” (age 65-80) or “gifting” (age 80 and older), and it’s become important to have more assets available for the short-term.

8.10 (b) Goals

I have a desire to maintain constraints on my portfolio. Constraints are based on deeply personal feelings including attitudes towards socially-conscious issues, and a wish to avoid investing against those constraints.

- ☐ I have no constraints related to socially-conscious issues.
- ☐ Investing in the standard KLD index satisfies my constraints to invest in “socially-conscious” businesses.
- ☐ There are certain companies, as a matter of principle, I would not invest in:

- ☐ There are certain countries, as a matter of principle, I would not invest in:

- ☐ I’d like to avoid investing in companies that are harmful to the environment:

- ☐ I have other constraints: _____

I _____ that I prefer to use mutual funds to invest in a particular asset class rather than individual stocks, bonds, and other investments.

- A. Strongly Agree
- B. Somewhat Agree
- C. Neutral
- D. Somewhat Disagree
- E. Strongly Disagree

Stocks are normally classified as either “growth” or “value,” and most people investing in stocks own both types. Growth stocks pay few dividends and reinvest their earnings to maximize their price. Value stocks have hidden assets that aren’t reflected in the price of the stock, and typically pay higher dividends and have lower Profit to Earnings ratios than value stocks.

I am most attracted to:

- A. Growth stocks.
- B. Value stocks.
- C. A blend of the two.
- D. I am indifferent
- E. My fiduciaries can make those decisions.

8.10 (c) Feelings

There is a direct relationship between risk and reward and therefore it’s important for my family and fiduciaries to understand my feelings regarding how much risk is acceptable for how much reward. Too much risk may be dangerous due to investment losses, while an ultra-conservative portfolio may not match inflation, and result in losses over time as well.

On a scale of one to ten (with ten as the most conservative) I believe that my resources must be invested to match my aversion to risk as:

(Most Aggressive) 1 2 3 4 5 6 7 8 9 10 (Most Conservative)

In general, I _____ that I am “average” compared to my peers, based on age and time horizon, knowledge, liquidity needs, and my aversions to investment risk.

- A. Strongly Agree

- B. Somewhat Agree
- C. Neutral
- D. Somewhat Disagree
- E. Strongly Disagree

If D or E:

- A. I feel my tolerance is below average regarding investment risk, meaning I have a high aversion to investment risk.
- B. I feel my tolerance is above average regarding investment risk, meaning I will accept higher than average risk.

I _____ that it's important to continually reduce the volatility in my portfolio as I age and become more dependent on my investments as income resources.

- A. Strongly Agree
- B. Somewhat Agree
- C. Neutral
- D. Somewhat Disagree
- E. Strongly Disagree

There are generally four life cycles as investors' needs evolve. I am currently in the _____ life cycle. (Select based on your current age)

Life Cycle	Age Range
Accumulation Phase	25-45
Consolidation Phase	45-65
Spending Phase	65-80
Gifting Phase	80 and older

Included in this section is guidance on how I feel the asset allocation my family/fiduciaries should maintain as my beneficiaries move through the life cycle stages. This guidance below may be at a macro level as far as identifying each asset class, or could be as detailed as what asset allocation to use within the asset class.

Standard Asset Allocation Model

Equities= Stocks (including publically traded REITs)

Fixed=Bonds, Fixed Annuities, Long-Term CD's

Cash= Money Market, CD's

Life Cycle	Aggressive	Moderate	Conservative
Accumulation Ages 25-45	Equities-88% Fixed-9% Cash-3%	Equities-75% Fixed-22% Cash-3%	Equities-63% Fixed-34% Cash-3%
Consolidation Ages 45-65	Equities-70% Fixed-25% Cash-5%	Equities-57% Fixed-37% Cash-5%	Equities-45% Fixed-50% Cash-5%
Spending Ages 65-80	Equities-52% Fixed-33% Cash-15%	Equities-39% Fixed-46% Cash-15%	Equities-27% Fixed-58% Cash-15%
Gifting Ages 80 and older	Equities-40% Fixed-40% Cash-20%	Equities-27% Fixed-53% Cash-20%	Equities-15% Fixed-65% Cash-20%

I choose not to use the Standard Asset Allocation above and have proposed my own target asset allocation for current and future lifecycles.

My Proposed Asset Allocation Model

Life Cycle	My Portfolio %	Additional Info
Accumulation Ages 25-45	Equities- Fixed- Cash- Other-	
Consolidation Ages 45-65	Equities- Fixed- Cash- Other-	
Spending Ages 65-80	Equities- Fixed- Cash- Other-	
Gifting Ages 80 and older	Equities- Fixed- Cash- Other-	

8.10 (d) Family Dynamics

I _____ that my spouse (family/fiduciaries) should modify our investment portfolio immediately in the event of my death or incapacity. This could be for many reasons, including that I am currently using complex investment strategies that are beyond the comprehension of my beneficiaries.

- A. Strongly Agree
- B. Somewhat Agree
- C. Neutral
- D. Somewhat Disagree
- E. Strongly Disagree

If A or B please add guidance:

It's important for my family/fiduciaries to understand my priority regarding protecting my investment risk during the lives of me (and my spouse) vs. maximizing the future wealth I/we can pass on to beneficiaries. On a scale of one to ten (with ten as the most investment risk) identifies my priority on this subject.

(Reduced Volatility) 1 2 3 4 5 6 7 8 9 10 (Increased Volatility)

My family/fiduciaries should communicate with Money Managers for the following purposes: (Select all that apply)

- ☐ To monitor the money managers to ensure they are following investment policies and have factored in our investment philosophies, as well as instructions found in governing legal documents.
- ☐ So that the money managers can communicate recommendations.
- ☐ To continue to update and amend the Investment Policy Statement on annual basis
- ☐ Other: _____

The frequency of contact with money managers should be _____.

- A. Monthly
- B. Quarterly
- C. Semi-Annually
- D. Annually
- E. Other: _____

Face-to-Face meetings should be _____.

- A. Monthly
- B. Quarterly
- C. Semi-Annually
- D. Annually

E. Other: _____

Additional Statement Regarding my Advance Investment Philosophy™:

8.11 Primary Financial Planner. I recommend that my family and/or fiduciaries use the services of _____ as my primary financial planner in the event of my incapacity or death. I make this request for the following reasons:

8.12 Self-Directed Investing. I consider many of the investment selections I make to be my own decisions in the absence of a financial planner. In the event I can no longer make financial decisions for my household, I recommend that my family and/or fiduciaries use the services of _____ as my primary financial planner. I make this request for the following reasons:

Section 9

Retirement Plan Assets

9.1 Purpose. In this section, you'll locate my current (and former) employers in order to contact and notify them of my death and request any additional benefits. My fiduciaries can contact my former employers with the sample letter in section 9.12(a). You will find important information about various retirement income sources, such as pensions or social security, that might be available to my heirs. This section also outlines a complete list of my qualified ("pre-tax") investment accounts. My pre-tax accounts such as IRAs, 401(k), and 403(b) assets are listed in Sections 9.3-9.4. You should reference my estate planning documents, such as my durable power of attorney for finances and/or living trust (Section 3), to identify the fiduciary who will manage my retirement plan assets in the event of my incapacity. Also note that retirement plan assets have designated beneficiaries who will directly inherit these assets bypassing probate, unless my estate is the designated beneficiary. At my death, my beneficiaries should carefully review their options prior to taking their distribution of my retirement plan assets. Helpful guidance can be found throughout this section.

9.2 My Employment History. In this section, you'll find information about my current and former employment, whether full-time or part-time. For every position listed, I've indicated whether or not benefits are available if I become incapacitated or die. These benefits could be in the form of life insurance, retirement plans, and other less common benefits. You may also find insurance information in Section 5 of the Direction Memo™.

9.2 (a) Current Employment. Please contact my current employer if I become incapacitated and at my death. In addition to collecting any wages due, my fiduciaries should ask my employer for any unpaid commissions, expense reimbursements, or bonuses that are due to me or to my estate. You may use the prewritten letter in Section 9.12(a) to mail to my former employers to inquire about benefits information.

Employer's Contact Information	Current Benefits and Location of Documents	
	Position	
	Start Date	
	Ownership Interest	[] Yes (%) [] No

Additional notes:

9.2 (b) Previous Employment. I may not be fully aware of existing benefits from my previous employers; therefore I recommend my fiduciaries mail each employer a copy of the letter in section 9.12(a) asking them to verify that all benefits have been received.

Employer's Contact Information	Current Benefits and Location of Documents	
	Last Position	
	Start & End Dates	
	Ownership Interest	[] Yes (%) [] No
Employer's Contact Information	Current Benefits and Location of Documents	
	Last Position	
	Start & End Dates	
	Ownership Interest	[] Yes (%) [] No
Employer's Contact Information	Current Benefits and Location of Documents	
	Last Position	
	Start & End Dates	
	Ownership Interest	[] Yes (%) [] No
Employer's Contact Information	Current Benefits and Location of Documents	
	Last Position	
	Start & End Dates	
	Ownership Interest	[] Yes (%) [] No
Employer's Contact Information	Current Benefits and Location of Documents	
	Last Position	
	Start & End Dates	
	Ownership Interest	[] Yes (%) [] No

Employer's Contact Information	Current Benefits and Location of Documents	
	Last Position	
	Start & End Dates	
	Ownership Interest	[] Yes (%) [] No

Additional notes:

9.3 Qualified Retirement Plan Assets. This section describes my retirement plans and pension income benefits. Notify the managing company or custodian of my death and evaluate each plan for amounts due to my designated beneficiaries.

9.3 (a) Defined Benefit Plans. Defined Benefit (DB) plans are generally designed to provide a lifetime income stream to me, and potentially other beneficiaries. You may find additional information by referencing my statements, reviewing a copy of the summary plan description, or contacting the plan administrator.

Plan Administrator Contact Information and Account Number	Already receiving income? Yes or No	100% vested in this retirement plan? Yes or No	Additional Income Beneficiaries	Location of Paperwork

Additional Notes:

Note that most Defined Benefits plans are protected by employers by the Pension Benefit Guaranty Corporation (PBGC). PBGC is a federal corporation created by the Employee Retirement Income Security Act of 1974 (ERISA). Therefore if my former employer files for bankruptcy protection, the PBGC may cover a reasonable portion of my lost pension.

9.3(b) Defined Contributions Plans. Defined Contribution (DC) plans are designed to give the participant an accumulation in lieu of lifetime income payment. DC plans may be classified in several categories including: 401(k), Profit Sharing, and ESOP/Stock Bonus Plans. 403(b) and most 457 plans can

also be included in this section. DC plans are generally allowed to be rolled over to a traditional IRA when the employee separates from service. You may find additional information by referencing my statements, reviewing a copy of the summary plan description, or contacting the plan administrator.

Plan Administrator Contact Information and Account Number	100% vested in this retirement plan? Yes or No	Already receiving benefits? Yes or No	Primary Designated Beneficiaries	Location of paperwork

Additional Notes:

9.3 (c) Individual Retirement Arrangements (IRAs). IRAs are private retirement accounts, sometimes affiliated with an employer. IRAs are identified by different names such as: Traditional, Roth, SEP, SIMPLE, and Decedent.

Financial Institution (Custodian) Contact Information and Account Number.	Type of IRA: Traditional, Roth, Decedent, SEP or SIMPLE	Designated Beneficiaries	Location of Paperwork

Additional Notes:

9.4 Non-Qualified Retirement Plans. This section includes non-qualified retirement plan accounts I own because of being a “highly compensated employee.” These plans are generally classified as Non-qualified Deferred Compensation Plans (NQDC) or as Supplemental Executive Retirement Plans (SERP). My family/fiduciaries must understand two important issues regarding these types of plans:

1. My assets in these plans are subject to the claims of the creditors of my employer. In order to avoid the economic benefit doctrine, my assets in these plans must be at a substantial risk of forfeiture in order to defer the income.

2. When the assets are no longer at a substantial risk of forfeiture or you withdraw from a non-qualified retirement plan, it will be taxed as ordinary income in the same tax year and there will also be FICA/FUTA withheld.

Additional Notes:

Plan Administrator (Custodian) Contact Information and Account Number	Type of NQRP:	100% vested in this retirement plan? Yes or No	Designated Beneficiaries	Location of Paperwork

9.5 Issues Related to Social Security. My family may have questions regarding Social Security benefits in the event of my death. It's common to have questions about spousal benefits and when is an optimal time to begin receiving social security benefits. My social security paperwork is located

9.5 (a) If I haven't begun receiving SS Benefits. In the event of my incapacity, I may qualify for disability income prior to reaching age 62, typically the earliest age to begin receiving Social Security income. In the event of my death, my spouse (or ex-spouse) at age 60, and children (up to 12th grade or age 19) may be entitled to survivor benefits. Widows and widowers can begin receiving Social Security benefits at age 60 (or age 50 if disabled) from my account. If you are receiving widows/widowers (including divorced widows/widowers) benefits, you can switch to your own retirement benefits (assuming you are eligible and your retirement rate is higher than your widow/widower's rate) as early as age 62. In many cases, a widow or widower can begin receiving one benefit at a reduced rate and then switch to their own benefit at an unreduced rate at normal retirement age. Since the rules vary depending on the situation, talk to a Social Security representative about the options available to you. For the nearest Social Security Office or to ask questions, call **1-800-772-1213**.

9.5 (b) If I am already receiving SS Benefits. In the event of my death, my spouse should review whether he/she can benefit from using his/her own Social Security benefits as compared to 100% of my own benefits.

9.5 (c) If My Spouse Remarries. If you remarry before you reach age 60 (or age 50 if disabled), you cannot receive widow's benefits from my Social Security as long as that marriage remains in effect. If you remarry after you reach age 60 (or age 50 if disabled), you will continue to receive benefits on my Social Security record.

9.5 (d) Additional Notes:

9.6 Rebalancing, Target Asset Allocation, and Other Investment Strategies. This section provides guidance on how to manage the investments in my retirement plan assets if I am no longer able. I will identify any current approaches to managing these assets as well as provide ideas for the future. These are ideas my family and fiduciaries should take under consideration upon managing my retirement plan assets.

Rebalancing is defined as an automatic system of maintaining a “target asset allocation” for my retirement plan assets. Essentially, rebalancing is selling a portion of the winning positions and then simultaneously buying your portfolio’s “losing” positions. While this may seem counterintuitive, there are two reasons for doing this:

1. A rebalancing strategy enforces adherence to the “buy low and sell high” objective of investing, which research indicates, can improve your portfolios return over time.
2. Rebalancing helps reduce the risk of future losses associated with a portfolio over-weighted with a particular asset type, sector, or individual investment. This is because rebalancing provides a discipline of sticking to the target asset allocation.

- ☐ I don’t have a current rebalancing strategy
- ☐ I currently have a rebalancing strategy in force : _____.
- ☐ I don’t have a current rebalancing strategy but my family/fiduciaries may consider a system. This strategy can be arranged with money managers to rebalance the portfolio by a set frequency (e.g., quarterly) or when your target asset allocation undergoes significant changes (i.e., the market is up or down 10%).
- ☐ Review my current Investment Policies Statements or Advance Investment Philosophy™ to guide your decisions with my retirement plan assets.

9.7 Taxation Issues. Distributions from retirement plan assets such as 401(k) plans and traditional IRAs are taxed as ordinary income at my beneficiary’s highest marginal tax rate. Income on retirement plan assets taxable to my designated beneficiaries is known as “Income in Respect of a Decedent.” Normally the only retirement plans that allow tax-free withdrawal are Roth retirement accounts and occasionally retirement plans that accepted “after tax” contributions. Generally speaking, retirement assets are different from nonqualified assets which have the opportunity to “step up” to the value at the owner’s death so that my heirs do not owe capital gains taxes. One of the optimal ways my beneficiaries can

avoid immediate tax issues from inheriting my retirement plan assets is to withdraw the minimum each year required by law (further explained in 9.9). An IRD deduction is offered to beneficiaries of estates with significant double taxation of both estate taxes and income taxes to the beneficiaries due to income in respect of a decedent (IRD). My beneficiaries may qualify for an IRD deduction, and the assistance of an accountant to make that determination is likely required.

9.8 Net Unrealized Appreciation (NUA).

- ☐ I Do NOT own my employer's stock in my retirement plan.
- ☐ I own stock in my employer's company in my retirement plan.

A qualifying distribution of my employer's stock may provide an option where I (or my beneficiaries) can avoid paying ordinary income tax on the entire distribution. Rather you would pay ordinary income tax, at that time, only on the "plan's basis" in the stock. That is what the stock was worth when the employer first placed that stock in my retirement account. The additional growth beyond the basis is the net unrealized appreciation (NUA). The NUA is not taxed until the employee later sells the stock, and then it is taxed as long-term capital gain instead of ordinary income. If I die prior to taking the distribution, my beneficiaries are entitled to take the NUA distribution with the same preferential tax treatment.

_____ is a Professional Advisor who can answer NUA questions and is knowledgeable of the law under Internal Revenue Code Section 402(e).

In section 9.12(c) my fiduciaries/family will find a sample letter that can be mailed to my employer's plan sponsor requesting they provide information regarding Net Unrealized Appreciation.

9.9 Estate Planning with My Retirement Assets. There is important estate planning information regarding my retirement assets that my family/fiduciaries must understand.

9.9(a) Designated Beneficiaries. Information regarding my designated beneficiaries is provided in Sections 9.3 & 9.4.

9.9(b) Desire for my designated beneficiaries to "stretch" their inheritance from my retirement assets.

- ☐ I'd like my beneficiaries to withdrawal only the minimum to maximize tax deferral
- ☐ I don't have any preference how my beneficiaries utilize the retirement assets inherited from me.

Note that a non-spousal beneficiary of my retirement plan assets will be required to make a withdrawal from my retirement accounts by December 31st of the year following my death.

Additional notes:

9.9(c) Decedent IRAs I have inherited from a non-spouse.

- ☐ I DO NOT currently own a decedent IRA/retirement plan from a non-spouse.

I was the beneficiary of a decedent IRA from _____ and my primary beneficiary is _____ of this decedent IRA. My beneficiary will be required to withdraw the minimum distribution based upon my life expectancy table rather than their own. This differs from when someone inherits a retirement plan from the original owner. The retirement plan custodian should reorganize this account accordingly for my primary beneficiary(s).

Additional notes:

9.9(d) Roth Retirement plans. Note that withdrawals from Roth IRAs after age 59 ½ are free of federal income tax if the type of Roth Account has existed for more than five years. Roth accounts are available in IRAs, and 401(k) and 403(b) accounts. Instructions and notes for my Roth accounts:

9.10 Withdrawal Rate This section reflects my beliefs regarding how much of my retirement plan assets should be withdrawn on an annual basis. This recommendation is not rigid and my household should withdraw what they feel is prudent in the future. A careful withdrawal rate is:

- ☐ Minimum distributions allowed under law under the current Required Minimum Distribution (RMD) rules if my beneficiary is over age 70 ½
- ☐ 4%
- ☐ 5%
- ☐ Other _____

9.11 Primary Financial Planner. I recommend that my family and/or fiduciaries use the services of _____ as my primary financial planner for my retirement plan assets. I make this request for the following reasons:

9.12 Retirement Plan Form Letters. In this section I have provided letters that my family/fiduciaries may use for four different events.

- A. Letter of inquiry to my current and former employers.
- B. Letter of notification to retirement plan custodians notifying them of death.
- C. Letter of inquiry about Net Unrealized Appreciation (NUA) for employer's stock in my retirement plan.
- D. Letter of inquiry to confirm current beneficiaries for my retirement accounts.

Additional Notes:

Your Executor, Trustee, Power of Attorney's (Name)

Their Address

Their Phone

Their Email

I am writing to let you know that one of your current/former employees, Your name, has passed away (become incapacitated) on date. Your name was an employee with your organization from date to date. As a representative the process of settling _____'s estate, I am writing to provide you my contact information and request information about any benefits _____'s family or estate is entitled to. Please provide any information that is relevant to this request including, but not limited to:

- Remaining pension or other retirement benefits.
- Health insurance coverage for a surviving spouse or other family members.
- Life insurance death benefits and/or group long term care insurance.
- Any resources remaining in flexible savings accounts, or paid sick time.

It's very helpful to understand what benefits ceased at _____'s death and any benefits that remain for the family or estate.

This is a courtesy letter to inform you of _____'s death. I can provide you a copy of the death certificate or any papers appointing me as representative for _____'s affairs. Please mail me at the address above or call me at _____ to let me know what you need from me.

Thank you for your immediate attention to this matter.

Sincerely,

Executor, Trustee or Power of Attorney's Signature

Enclosure

[Your Name]

[Street Address]

[City, ST ZIP Code]

Date

[Your Name]
[Street Address]
[City, ST ZIP Code]
Date

Retirement Plan Custodian's Information

[Title]
[Company Name]
[Street Address]
[City, ST ZIP Code]

Your account #_____

To whom it may concern:

I am writing to inform you that _____ passed away on _____. I am appointed as the representative of the estate and would like to transfer these assets in a timely and expeditious manner to the designated beneficiaries. Please respond to this letter at your earliest convenience with the following information:

1. A list of the designated beneficiaries that you have on record.
2. The paperwork transferring the property to the designated beneficiaries (both for keeping the assets with your firm and transferring to another firm).
3. If the beneficiaries keep their inheritance with your organization, disclosure of any fees or commissions that will be imposed as a result of the transfer.

I've enclosed a death certificate and court certified letter of appointment. If you have any questions, please contact me at _____. Thank you for your immediate attention to this matter.

Sincerely,
Your/Representative Signature

Enclosure

[Your Name]
[Street Address]
[City, ST ZIP Code]
date

My Retirement Plan Administrator
[Title]
[Company Name]
[Street Address]
[City, ST ZIP Code]

Dear [Recipient Name]:

The intent of this letter is to inquire about my account with _____. I have purchased stock in my employer's retirement plan with my tax-deferred and matching contributions to the plan. I have some specific tax questions that will help me (or my beneficiaries with financial planning. Please respond to me (or my beneficiaries) regarding the following questions:

1. Does the plan allow for distributions at retirement of the _____ common stock?
2. Can you provide me the cost basis of the shares of stock that I have accumulated in my retirement plan?
3. Upon distribution will the company properly complete the 1099R for me, or my beneficiaries and complete the appropriate box for net unrealized appreciation (NUA) for employer securities?
4. Can you provide the contact information for the individual in your department who can answer these questions and is knowledgeable of the NUA rules under Internal Revenue Code, Section 402(e)?

In the event of my incapacity or death, please respond to this same inquiry directly from the beneficiaries of my retirement plan.
Thank you for your attention to this matter.

Sincerely,

Your/Representative Signature

[Your Name]

[Street Address]

[City, ST ZIP Code]

Date

Retirement Plan Custodian's Information

[Title]

[Company Name]

[Street Address]

[City, ST ZIP Code]

Your account # _____

To whom it may concern:

I am researching my current designated beneficiaries for the retirement plan I have with your organization, and I hope you can help me locate this information. This letter may also be sent to you from the court appointed representative of my estate. At your earliest convenience, please send me, or the representative of my estate, the following:

1. Confirmation of who I have on record as my primary and contingent beneficiaries.
2. The required paperwork at your organization so that I may update my beneficiaries, if necessary.

Please enclose a Self-Addressed and Stamped Envelope(SASE) so that I return the form to the correct department. (Not applicable at my death)

3. In the event I return the paperwork to update my beneficiaries, please send me confirmation upon the completion of the update. (Not applicable at my death)

Note that if I have more than one account with your organization; please follow the above directions for all my accounts. If this letter is from the representative of my estate, they've enclosed a death certificate and court certified letter of appointment. Thank you for your immediate attention to this matter.

Sincerely,

Your/Representative Signature

Section 10

Personal Property, Business, and Miscellaneous

10.1 Purpose. In this section, you'll locate information regarding my personal property, including the instructions for the disposition of personal property in my estate. I will include information related to ownership in business interests, intellectual property, and other miscellaneous financial information not covered in specific sections of the Direction Memo™.

10.1(a) Personal property. Estate planning disposition with personal property depends on whether the property has a registered title or possesses no title. Personal property with a registered title is transferred similarly to real estate, bank accounts, and other assets. Personal property with no title is usually transferred to beneficiaries randomly with interfamily discussions and at the discretion of the executor or trustee unless other plans have been arranged. Those plans might include a specific bequest in an estate document or a separate letter with a list of personal property.

10.1(b) Business. This section encompasses information regarding any business ownership and/or intellectual property interests.

10.1(c) Miscellaneous Information. This section closes by including financial information pertaining to me that hasn't been previously communicated in the financial sections (5-10) of my Direction Memo™.

10.2 Definition of "Personal Property." Personal property is normally classified as either tangible or intangible and may (or may not) have a legal title of ownership. Tangible personal property is "moveable" property and intangible personal property generally refers to "paper" items. Section 10.5 addresses personal property I own with a registered title. Section 10.6 addresses personal property I own that doesn't possess a registered title.

10.3 Videos, Photos, Receipts, Warranties. In addition to providing suggested beneficiaries for my personal property, this section of the Direction Memo™ may provide as inventory for an insurance adjuster in the event a claim must be made. It may be necessary due to a catastrophic event to provide the insurance company evidence of property ownership. In addition to the Direction Memo™, you may use any of the following sources necessary to assist the insurance adjuster for any claims that are made on my behalf. (List all that apply)

- A. Videos _____
- B. Photos _____
- C. Receipts _____
- D. Warranties _____

10.4 Personal Property-Guidance for Family and Fiduciaries. An important goal in organizing my financial and estate planning is to avoid disagreements between family, fiduciaries, and beneficiaries.

Personal property is sometimes a cause of dissension because it may be difficult to divide and carries sentimental value. I request that my family and beneficiaries respect the process in the settlement of my personal effects and act diplomatically. Everyone should refrain from claiming any of my personal effects until my fiduciaries have the opportunity to review my directions and outline a plan for suitable distribution.

10.5 Personal Property Inventory-With Registered Title. Below is a summary of all my personal property registered with a title. This includes vehicles (e.g., cars, motorcycles, trains, ships, boats, and aircrafts) in which I hold an ownership or lease interest. This information will help my fiduciaries to locate and distribute this property in accordance with my estate plan. My titled personal property will need to be updated and registered to the new owners. If I have named a transfer-on-death beneficiary for a vehicle I own, I have included the beneficiary's name with the vehicle information, below. Upon my death, the beneficiary can go to the state motor vehicles department with a certified copy of the death certificate and transfer the vehicle title, without probate proceedings. The current states with a T.O.D. option for registered vehicles are:

- California
- Connecticut
- Kansas
- Missouri
- Ohio

Vehicles I Own

Vehicle Type (Make, Model, Year, and Vehicle ID Number)	Estimated Value	Garage or Storage Location	Transfer-on- Death Beneficiary? Yes or No	Location of Paperwork

Additional Notes:

Vehicles I Lease

Vehicle Type (Make, Model, Year, and Vehicle ID Number)	Estimated Value	Garage or Storage Location	Location of Paperwork

Additional Notes:

Other Personal Property

Other personal property that possess a registered title:

Item and Description	Location and Access Information	Special Instructions	Estimated Value	Location of Paperwork

10.6 Personal Property Inventory-Without Registered Title. Here is a summary of all my personal property that does not possess a registered title. This generally includes items such as jewelry, collections, etc. It's possible that I have made specific bequests in my will for certain unregistered personal property that should be transferred in accordance with my estate documents. It's also possible that I have made a separate memorandum listing my personal property with beneficiaries and my attorney has acknowledged these formalities in my estate documents in order to enforce the memorandum as binding. My personal property list below is a supplement to any formal arrangements I have made and is nonbinding. If I have made no specific bequests or separate memorandums for my personal property, this is the logical resource to effectively distribute my unregistered personal property. (Includes individual items with value estimated over \$100, or with high sentimental value.)

Item, Description & Location	Estimated Value	Beneficiary and Special Instructions	Transfer to beneficiary ONLY if my spouse predeceases me? Yes or No

Additional personal property inventory lists are located at the end of section 10

10.6 (a) My Personal Property Currently in Possession of another Person.

Contact Information of person holding my property	Description of property

10.7 Tax Issues and personal property. This section addresses tax issues my family/fiduciaries need to be aware of, prior to disposing of personal property. This includes decisions of selling or gifting my personal property.

10.7(a) Income Tax Issues and Personal Property. Collectibles and other personal property that has appreciated in value carries higher long-term capital gains rate (currently 28%) than for other investments regularly taxed at the 15% rate. Therefore selling my appreciated personal property may generate significant capital gains, and should be taken into consideration prior to any sales. It may be better to distribute personal property directly to beneficiaries on my death, rather than selling that property. If I still own appreciated personal property at my death, the capital gains should be avoided because of the allowable “step up” in cost basis. The new cost basis for the beneficiary would be the estate appraisal with my personal property. Transferring my property to a beneficiary prior to my death will result in the beneficiary “carrying over” my original cost basis rather than receiving the stepped up basis at my death. Note that precious metals are included in this group of collectibles that carries the 28% capital gains rate.

10.7(b) Estate Taxes and Personal Property. All items must be listed separately on the estate tax form 706 unless they have a value less than \$100. Items with less than a \$100 value can be grouped together if they are contained in the same room. My fiduciaries will need appraisals for the following items, according to IRS Form 706:

If the decedent at the time of death owns any works of art or items with collectible value in excess of \$3,000 or any collections whose artistic or collectible value combined at date of death exceeds \$10,000.

Further guidance for estate tax appraisals is referenced in Revenue Procedure 66-49 suggesting the appraisal report should contain at least the following:

1. A summary of the appraiser’s qualifications.
2. A statement of value and the appraiser’s definition of the value obtained.
3. The basis upon which the appraisal was made.
4. The signature of the appraiser and the date appraisal was conducted.

Please take care to ensure my property is professionally valued, protected, stored, packed, shipped, and distributed to my beneficiaries.

10.8 Business Ownership. Following is an overview of my current and former business interests. It contains information to help my family/fiduciaries work with the right people (i.e., co-owners, employees, etc.) in the event of my incapacity or death. You'll locate paperwork and guidance that may help you manage or sell my business interests, or liquidate business assets.

Business Name	Business Entity Type	Location of Documents	Ownership Percentage	Valuation

10.8 (a) Business Disposition. These instructions will help you manage or wind up my business affairs if I become incapacitated, or upon my death.

Legal Name of Business Entity: _____

Disposition of Entire Business	<input type="checkbox"/> Continue <input type="checkbox"/> Transfer <input type="checkbox"/> Sell <input type="checkbox"/> Liquidate			
Disposition of My Interest	<input type="checkbox"/> Transfer <input type="checkbox"/> Sell <input type="checkbox"/> Liquidate			
Contact Information for Key Individuals				
<i>Attorney</i>	<i>Accountant</i>	<i>Other Owners & Agreements</i>	<i>Key Employees & Agreements</i>	

I have a formal business succession plan drafted and has been provided to the people important to the succession planning process. The documents are located at _____. Additionally I have created legal arrangements within my estate plan in order to transfer my business interests to internal or external family members.

Business Name	Legal Arrangement (e.g., FLP's, GRAT's, Private Annuities)	Location of Documents	Professional Advisor

10.8(b) Business Taxes Returns. You can locate the tax returns for my business interest at _____. My tax/legal advisors are: _____

10.8 (c) Prior Business Interests. My prior business interests are outlined below. My investments, rights, and responsibilities in these businesses have been fully resolved and terminated; no additional expenses will be incurred and no income realized. I have described these business interests for your reference, in case you have questions or receive any future claims.

Business Name & Type	Main Office Address and Phone	Dissolution Documents and other paperwork

10.9 Intellectual Property. My intellectual property (IP) arrangements are provided for you to locate the necessary paperwork for the transfer of my IP ownership within my estate plan. My intellectual property may also include ownership where I wasn't the creator, but have inherited ownership. This section should also include additional intangible property items such as franchise rights and royalty income information.

Description of IP (e.g., patent, copyright, royalties)	Current title of ownership	Specific Bequest in Estate Documents for IP? Yes or No	IP Attorney or other Professional Advisor	Location of Paperwork

10.10 Miscellaneous. Section 10.10 provides a space for additional financial information not otherwise specified in the financial sections (5-10) of my Direction Memo™:

Continued from Section 10.6-Personal Property Inventory Without a Registered Title.

[illegible]

Section 11

Philanthropy-Planned Giving

11.1 Purpose. In this section I have outlined my charitable intentions during my life and beyond. My directions will serve as a guidepost for my family/fiduciaries to ensure that my charitable plans are properly executed. This may involve communication with my professional advisors and nonprofit staff for an extended period of time. This section also should assist in calculating any necessary charitable deductions from my estate at the time of my death, and utilize any income tax deductions from gifts I may use in future tax years during life.

11.2 Charitable Tax Incentives. The tax incentives of charitable giving can be divided into three categories: estate, gift, and income tax deductions. Giving to qualified charities, either during life or at death removes property from my taxable gross estate. Outright gifts and specific irrevocable deferred gifts may qualify for income tax deductions if I itemize in lieu of using the standard deduction for filing income taxes.

11.2 (a) Income Tax Deductions. I currently have charitable income tax deductions that I can carry forward into future tax years. This information may be needed by my family/fiduciaries in the event of my incapacity or death. I currently have a carry forward of _____ from previous charitable contributions I have made as of the _____ tax year. My tax return information is located in section 2.9.

11.3 Revocable Charitable Bequests. This section identifies current revocable deferred gifts I have made with the flexibility to rescind those commitments.

11.3 (a) Charitable Bequest through a last will and testament document.

Name of Nonprofit Beneficiary	Plans Communicated with Nonprofit? Yes or No	Formal Gift Agreement with Nonprofit for use of funds	Nonprofit Contact Information	Location of Gift Agreement Document (if applicable)

11.3. (b) Charitable Bequest through a living or testamentary trust

Name of Nonprofit Beneficiary	Plans Communicated with Nonprofit? Yes or No	Formal Gift Agreement with Nonprofit for use of funds	Nonprofit Contact Information	Location of Gift Agreement Document (if applicable)

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11.3 (c) Charitable gift through beneficiary designation with retirement plan assets

Name of Nonprofit Beneficiary	Plans Communicated with Nonprofit? Yes or No	Formal Gift Agreement with Nonprofit for use of funds	Nonprofit Contact Information	Location of Gift Agreement Document (if applicable)

11.3 (d) Revocable beneficiary designations with life insurance

Name of Nonprofit Beneficiary	Plans Communicated with Nonprofit? Yes or No	Formal Gift Agreement with Nonprofit for use of funds	Nonprofit Contact Information	Location of Gift Agreement Document (if applicable)

11.3 (e) Pledges. An income tax deduction for an outright gift of cash or other property can only be taken at the time the gift is fulfilled, not based on a pledge agreement.

- ☐ I have made a pledge of \$_____ with _____ charity(s).
- ☐ I request my family/fiduciaries complete the pledge in the event of my incapacity or death.

Additional notes:

11.4 Irrevocable Deferred Gifts. This section identifies any irrevocable commitments I have made to give property to charity at a future date. While life income plans such as Charitable Remainder Trusts (CRT) are irrevocable, most of the time the donor can alter the charities who are beneficiaries. For Charitable Gift Annuities (CGA), Pooled Income Funds (PIF) and Life Estate Reserved, the donor typically does not have the flexibility to change the charitable beneficiaries.

11.4 (a) Life Income Charitable Plans.

Type of Life Income Plan (e.g., Gift Annuity, CRT, PIF)	Current estimated value of remainder	Plans Communicated with Nonprofit	Formal Agreement with Nonprofit for use of remainder funds	Nonprofit Contact Information	Location of the documents and contracts

11.4 (b) Charitable Lead Trust. I have made arrangements for a Charitable Lead Trust, where the trust will transfer a segment of property each year to charitable organizations for a predetermined period of time. At the completion of the trust terms, the corpus will be transferred to my non-charitable beneficiaries.

Type of Lead Trust (e.g., CLAT, CLUT, TCLAT)	Current estimated value	Plans Communicated with Nonprofit for TCLAT? Yes or No	Nonprofit Contact Information	Location of paperwork

Additional Notes:

11.4 (c) Life Estate Reserved.

- ☐ I have created a life estate reserved.

A donor may receive a charitable deduction for the transfer of a remainder interest in a personal residence, farm, or ranch under IRC 170(f)(3)(B)(i). The donor deeds the personal residence or farm to a qualified exempt charity and reserves a life estate. The parcel of property in which I have created a life estate reserved is located at _____.

11.5 Donor Advised Funds (DAF).

- ☐ I own a Donor Advised Fund (DAF) defined under IRC Section 4966(d)(2)(a).

A DAF is a public charity referred to as a “sponsoring organization.” Typically after the DAF is created, a donor will make future decisions regarding which charities will receive a donation. The sponsoring

organization has an obligation to govern what types of charitable organizations are deemed “qualified” to receive a gift. The sponsoring organization also provides investment options for the assets to be managed until they are gifted. For funds remaining in my DAF at the time of my passing, there are three methods of conveying:

1. Naming successor(s) to continue managing the assets in the DAF and make charitable grants.
 2. Naming charitable beneficiaries who’ll receive gifts and terminate the DAF.
 3. Creating a permanent endowment that will award a percentage each year to charities I’ve selected.
- In this section, I’ll identify which of the aforementioned methods of conveyance that will be utilized.

11.5 (a) DAF-Investment Policies.

- ☐ Maintain the current asset allocation
- ☐ Consult with _____ as my Professional Advisor about my Donor Advised Funds.
- ☐ I have drafted an Investment Policy Statement exclusively for my donor advised fund. The location is _____.

Sponsoring Organization for my DAF	Account Number	Formal Agreement with Nonprofit for use of funds? Yes or No	Nonprofits I’ve Historically Supported with my DAF

Additional Notes:

11.5 (b) Successors to my DAF. In the event I named a successor for my donor advised fund it is because my plan is to allow the successor to make grants from the fund to qualified charities after my death. I have named the following successor(s) to the sponsoring organization _____.

- ☐ I’d like my successor to select appropriate charitable organizations for future grants.
- ☐ I request that you make future grants to _____ organization(s).
- ☐ Make future grants to charitable organizations where I’ve historically made gifts.

11.5 (c) Nonprofit Beneficiaries of my DAF. If I have named charitable beneficiaries of my DAF, it is because I choose to leave a direct bequest to those nonprofits for 100% immediate use of donor advised funds upon my death. If I selected this option, my donor advised fund should be terminated when settling my estate.

11.5(d) Endowment. If I have directed that my donor advised fund be transferred to a permanent endowment for the charities, you'll locate that information in this section. The policy of the endowment is to spend___% each year for the benefit of the charities with the purpose that my endowment will last in perpetuity.

Additional Notes:

11.6 Community Foundations.

- ☐ I've established a charitable giving arrangement with _____ Community Foundation.

Use of funds (e.g., DAF, Endowment)	Formal Agreement with Nonprofit for use of funds? Yes or No	Nonprofit Contact Information	Location of Gift Agreement Document (if applicable)

11.7 Private Foundation.

- ☐ I have established a private foundation defined under Internal Revenue Code 509.

A private foundation is a legal entity set up by an individual, a family, or a group of individuals, for a purpose such as philanthropy.

Name of the Foundation	Officers of the Organization	Location the documents	Location of Foundations Assets & Current Estimated Value	Suggested Charitable Organizations to receive future grants

- ☐ This private foundation will be created and funded through my estate
- ☐ This private foundation is already an established entity operating under the federal requirements of a private foundation.

11.7 (a) Private Foundation-Investment Policies.

- ☐ Maintain the current asset allocation
- ☐ Consult with _____ as my Professional Advisor regarding my Private Foundation.
- ☐ I have drafted an Investment Policy Statement exclusively for my Private Foundation.

Additional Notes:

11.8 Irrevocable Gift of Life Insurance.

Name of Nonprofit Owner/Beneficiary	Plans Communicated with Nonprofit? Yes or No	Formal Agreement with Nonprofit for use of funds	Nonprofit Contact Information	Location of Gift Agreement Document (if applicable)

11.9 Miscellaneous Charitable Information.

Section 12

Legacy Planning

12.1 Purpose. In this section I have included information regarding the location of future personal communication to my loved ones at my death (or other impending date). This communication could be in written, audio, or video form and could be specific for certain individuals or intended for a group. Legacy planning is designing a way to communicate after I'm gone to pass on memories, values and advice for my loved ones.

12.2 My Financial History. My financial history is a way of communicating what has shaped me with regard to money so my descendants can better understand my values and ideas about money. I have chosen to communicate my thoughts by answering the questions below.

1. Childhood Influence

- A. What do you remember your parents teaching you about money?

- B. When you were growing up, who made the financial decisions in your household?

- C. What lessons in saving and spending did you receive from your parents?

2. Current Attitudes about Money

- A. What is your definition of "wealthy"?

- B. What are the dangers of having money?

- C. What is the greatest value of money?

3. My Beliefs on Using Money

- A. What types of satisfaction have you received without money?

- B. Do you live on a budget? _____

- C. Do you feel as though you are a prudent spender?

- D. Was/is your family philanthropic?

4. Family Communication

- A. What are the attitudes about money that you would like to teach the future generations of your family?

- B. Describe the story behind your wealth accumulation?

- C. Is there anything you would do differently in communicating with your family about money?

12.3 Letters to Loved Ones.

- ☐ I have written personal letters to special people in my life for them to read at my passing. You can locate these letters at _____.

12.4 Ethical Will.

- ☐ I have written an ethical will or other document that should be shared with a group rather than a specific individual. This document is for my family and I'd like it to be preserved for future generations to gain written perspective about their ancestors. I'd like to request _____ maintain this document and make arrangements for future generations to maintain this document (and others) for sharing with posterity. This document is located _____.
- ☐ I have completed the Ethical Will Worksheet at the end of section 12.

12.5 Family Memorabilia & Genealogy. My personal effects include items that carry mostly sentimental value rather than monetary value, and I have identified specific items and have requested individuals to care for these items in order to maintain the significance of these effects.

12.5 (a) Photos, Memoirs, Letters. These items are located at _____. I'd like to request the following person/people maintain this information_____.

Please make arrangements to transfer the duty of maintaining these items (and others) for sharing with future generations.

Additional Notes:

12.5 (b) Genealogical Records. I'd like to request _____ maintain this information and make plans to transfer the duty of maintaining this document (and others) for sharing

with future generations. This information is located
_____.

12.6 Audio & Video Communication.

- ☐ I/We have made arrangements for audio, video or other form of communication to our family that can be located at _____.

12.7 Miscellaneous Legacy Issues. Any additional personal effects or other legacy items not mentioned in this section of my Direction Memo™ are listed here.

Ethical Will Worksheet

The following questions may assist you in drafting your own ethical will or legacy statement. The purpose of these questions is to help you identify what is important in your life and what might be worth sharing with your family and friends.

Who are you writing this to? (Check all that apply)

- ☐ Spouse
- ☐ Children
- ☐ Your Friends & Extended Family
- ☐ Community

What would you like this letter to accomplish? (Check all that apply)

- ☐ To emphasize what's been most important to you in life.
- ☐ To recall memories for your family to provide as a source of context where they came from.
- ☐ To introduce yourself to future generations you will never have the joy of meeting in person.
- ☐ To impart advice for family that follows you, and what you'd do differently if you could live your life one more time.

1. What are the three virtues in people that you most value?

- a.
- b.
- c.

2. What is your favorite place in the world and why?

3. Who are your favorite famous people (from history, presidents, athletes, celebrities)? Why?

a.

b.

c.

d.

e.

4. Why did you choose your profession/career?

5. You have \$3,000,000 and are told that you must divide it equally among three charities, which ones do you choose? Why?

a.

b.

c.

6. What is the most important thing you learned from your parents or grandparents?

7. If you had all the money in the world, what would you do?

8. If you found out that you were going to die today, what would be your biggest regret in life?

9. If you were to die today, but had two minutes to leave a note for your family, what would you write?

10. What do you want your family to know about your religious faith?

Additional notes:

Section 13

Final Arrangements

13.1 Purpose. In this section I have made decisions and have outlined instructions for my final arrangements. This section comprehensively addresses post-mortem issues including how to manage the expenses of final arrangements.

13.2 Final Arrangement Information. All my estate documents should be reviewed prior to final arrangement decisions, although most of the information my family/fiduciaries require is located in this section of my Direction Memo™. Since final arrangements are personal, and some of them could be preplanned, my Direction Memo™ is more of an appropriate place to leave these instructions than in my last will and testament.

13.3 Organ Donation. In this section, I have outlined my wishes and any arrangements I have made for organ donation. Please review this section along with Section 3.7 (health care directives) prior to making organ donation decisions.

I wish to donate my organs, or tissues: ☐ Yes ☐ No

If Yes, the Wishes for Donation

I would like to donate:	<input type="checkbox"/> Any Needed Organs or Tissues
	<input type="checkbox"/> Only the Following Organs or Tissues:

Arrangements for Donation

I currently have organ donation accepted on my driver's license and/or donor card: ☐ Yes ☐ No

I have a specific local organization that I'd like to donate to: ☐ Yes ☐ No

Receiving organizations Name, Address and Phone Number:

13.4 Disposition of Remains. In this section, I have outlined my wishes and any arrangements I have made for disposition. Below I have selected one of three traditional options: burial, cremation, or donating my body, and have provided details about my wishes.

<input type="checkbox"/> Burial			
	Check One: <input type="checkbox"/> Immediate <input type="checkbox"/> After Services	Check One: <input type="checkbox"/> Embalm <input type="checkbox"/> Do Not Embalm	Check One: <input type="checkbox"/> In Ground <input type="checkbox"/> Above Ground
Burial Organization Contact Information			
Burial Location and Contact Information			
Location of Documents			
Additional Notes			

<input type="checkbox"/> Cremation		
Check One: <input type="checkbox"/> Immediate <input type="checkbox"/> After Services	Check One: <input type="checkbox"/> Embalm <input type="checkbox"/> Do Not Embalm	Check One or All That Apply: <input type="checkbox"/> Niche in Columbarium <input type="checkbox"/> Buried <input type="checkbox"/> Scattered <input type="checkbox"/> To Individual
Cremation Organization Contact Information		
Final Location and Contact Information		
Location of Documents		
Additional Notes		

<input type="checkbox"/> Donating Body for Science	
Will Medical School handle burial or cremation arrangements?	
Burial Location and Contact Information	
Location of Documents	
Additional Notes	

Casket or Urn

I would like a casket, urn, or other container to hold my remains: ☐ Yes ☐ No

Item	<input type="checkbox"/> Casket	<input type="checkbox"/> Urn	<input type="checkbox"/> Other
Material	<input type="checkbox"/> Wood	<input type="checkbox"/> Metal	<input type="checkbox"/> Other
Cost Range	<input type="checkbox"/> Economical	<input type="checkbox"/> Moderate	<input type="checkbox"/> Luxury
Additional Notes			

13.5 Obituary. An obituary needs to be written immediately along with the other final arrangements because that is how most of the public finds out about the death along with the wake and funeral service information.

Please publish my obituary. ☐ Yes ☐ No

I have already drafted an obituary. ☐ Yes (Location: _____) ☐ No

If “no” please use my obituary outline below.

13.5 (a) Obituary Outline. If I have not drafted an obituary, please prepare one using the following template below. You can locate most biographical information from sections 1 and 2 of this Direction Memo™.

Obituary Length	<input type="checkbox"/> Brief <input type="checkbox"/> Moderate <input type="checkbox"/> Article Length
Photograph	<input type="checkbox"/> Yes (Location: _____) <input type="checkbox"/> No
News Organizations for Publishing	

Paragraph #	Information
1	Name Age Address Date of Death Place of Death Cause or suspected cause of death
2	Date of birth Birthplace Parents names

	Educational accomplishments Military service if applicable Which war or conflict served in Where stationed if overseas Marriages Residential history
3	Post High School Education Degrees Earned Licenses Held
4	Work history and work affiliations
5	Church membership and organizations within the church. Civic memberships Fraternal Memberships Club Memberships With all the above include any positions or offices the person may have held Hobbies Other interests
6	Survivors, include spouse in parenthesis and city & state of residence Spouse Children Grandchildren Great-Grandchildren Great-Great-Grandchildren Parents Grandparents Brothers Sisters

	Nephews Nieces Cousins Friends List family that preceded him/her in death, usually spouse, parents, children, grandchildren, great-grandchildren, brothers and sisters
7	Service Include day, date, time and place of service Name of officiant and their title Place of burial or entombment Visitation information including day, time and place of visitation(s) Memorial Services held by others (include day, time and place) Vigil or Prayer Services being held (include day, time and place)
8	Listing of any memorial funds that may have been established and for what cause(s) or organization(s).
9	Mention of any people or groups you wish to publicly thank for care given to the deceased.

Additional Notes:

13.6 Memorial Events. In this section, I have outlined my wishes and decisions I have made for services or ceremonies after my death.

13.6 (a) Viewing, Visitation, or Wake.

I would like a viewing, visitation, or wake:

☐ Yes☐ No

Type of Service			
Location and Contact Information of Funeral Home			
Existing Arrangements and Location of Documents			
Body Present <input type="checkbox"/> Yes <input type="checkbox"/> No	Casket <input type="checkbox"/> Yes <input type="checkbox"/> No	Casket <input type="checkbox"/> Open <input type="checkbox"/> Closed	
Invitees <input type="checkbox"/> Public <input type="checkbox"/> Private	Timing and Days/Hours		
Special Requests			
Additional Notes			

13.6 (b) Funeral or Memorial Service.

I would like a funeral or memorial:

☐ Yes☐ No

Location and Contact Information			
Existing Arrangements and Location of Documents			
Body and Casket Present <input type="checkbox"/> Yes <input type="checkbox"/> No	Casket <input type="checkbox"/> Open <input type="checkbox"/> Closed	Other Items <input type="checkbox"/> Photo -- Location: _____ <input type="checkbox"/> Other: _____	
Flowers	Invitees <input type="checkbox"/> Public <input type="checkbox"/> Private	Timing and Days/Hours	

Type of Service	Service Contact	Facilitator
<input type="checkbox"/> Religious	Name	Name
<input type="checkbox"/> Military (See 13.10)		
<input type="checkbox"/> Other	Contact Information	Contact Information

Eulogy		
Name	Name	Name
Contact Information	Contact Information	Contact Information

Music Selections and Musicians
Readings

Pallbearers		
Name #1	Name #2	Name #3
Name #4	Name #5	Name #6

Graveside Ceremony <input type="checkbox"/> Graveside only <input type="checkbox"/> Following funeral <input type="checkbox"/> None	Additional Notes:
--	--------------------------

13.6 (c) Burial or Cremation Apparel.

I wish to specify burial or cremation apparel:

☐ Yes ☐ No

For items marked "Yes," please ensure that the clothing or article is removed and given to my family/fiduciaries prior to burial or cremation.

Clothing, Accessory, or Other Item	Location	Remove Before Interment or Cremation
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No

13.7 Headstone, Monument, or Burial Marker.

I would like a: ☐ Headstone ☐ Burial Marker ☐ Monument ☐ Other: _____

Material	
Design	
Finish	
Additional Notes	

Epitaph: I would like an epitaph or inscription: ☐ Yes ☐ No

Inscribe by epitaph on: ☐ Headstone ☐ Burial Marker ☐ Monument ☐ Urn Vault

Inscription	
Additional Notes	

13.8 Burial Plot.

- ☐ I haven't purchased a burial plot.
- ☐ Not applicable. I do not wish to be buried.
- ☐ I have purchased a burial plot. The deed is located _____. Location of the plot is at the _____ cemetery and plot/block # _____.

13.9 Financial Issues/Final Arrangements.

- ☐ I have already invested in preplanned funeral arrangements, the paperwork is located _____.
- ☐ I have outlined in either my estate documents or verbally communicated with my family/fiduciaries that I have a specific asset (e.g., life insurance) that should be used to cover my final arrangement expenses. Additional notes:

- ☐ I request the sum of all my final arrangement expenses do not exceed _____ dollars as of the date of this document with reasonable inflation factored into the increased future value of the stated amount.

13.10 Military Veterans Funeral Benefits.

- ☐ Not applicable.
- ☐ I am a veteran, but have made other arrangements or choose not to use any military funeral benefits.

- ☐ I am veteran of the military and may be entitled to a free burial in a national cemetery, grave marker, and a flag. I have made arrangements with the Veteran's Affairs office or you may, contact the regional Veterans Affairs office by calling 800-827-1000, or go online to: www.cem.va.gov or www.militaryfuneralhonors.osd.mil.

13.11 Miscellaneous Final Arrangement Issues. In the event I haven't addressed final arrangement issues in the previous sections, you'll find additional miscellaneous information in this section.

Section 14

14.1 Purpose. This section completes my letter of instruction referred to as my “Direction Memo™.” If you happen to find more than one Direction Memo™, the most recently dated Direction Memo™ should be considered the current and valid document. Section 14 concludes with my personal financial statement, signature and glossary of terms.

14.2 Personal Financial Statement.

Assets	Amount in Dollars
Section 5- Life insurance (<i>cash surrender value</i>)	\$ -
Section 6-Notes Receivable to Me	-
Section 7-Total Real Estate	-
Section 8 - Securities - stocks / bonds / mutual funds	-
Section 9-Retirement Funds (<i>eg. IRAs, 401k</i>)	-
Section 10-Personal property (<i>autos, jewelry, etc.</i>)	-
Section 10- Business interests and/or intellectual property (e.g., patents)	-
Misc. assets (<i>specify</i>)	-
Total Assets	\$ -

Liabilities (Section 6)	Amount in Dollars
Real estate mortgages (<i>describe</i>)	
Consumer Debt (<i>Credit cards, Accounts</i>)	\$ -
Notes payable	-
Taxes payable	-
All Other liabilities (<i>specify</i>)	-
Total Liabilities	\$ -
Net Worth	\$ -

14.2 Signature

[Signature]
Author of Direction Memo™ Letter of Instructions

Date

14.3 Glossary of Terms. Should my fiduciaries find terms in my letter that are unfamiliar, I have enclosed a glossary of financial, retirement, and estate planning terms, including definitions.

Adjustable Rate Mortgage (ARM): Mortgage where the interest rate paid on the outstanding balance varies according to a specific benchmark. The initial interest rate is normally fixed for a period of time after which it is reset periodically, often every month.

Advance Investment Philosophy™: The “why” behind each investment decision you make, and clarify your outlook for your situation, goals, feelings, and family dynamics. Communicates the investors overarching beliefs as if this was the last time they had the opportunity for the rest of your life to convey these ideals.

Adverse selection: a situation where an individual's demand for insurance (either the propensity to buy insurance, or the quantity purchased, or both) is positively correlated with the individual's risk of loss (e.g. higher risks buy more insurance), and the insurer is unable to allow for this correlation in the price of insurance. This may be because of private information known only to the individual or because of regulations or social norms which prevent the insurer from using certain categories of known information to set prices (e.g. the insurer may be forbidden from using information such as gender or ethnic origin or genetic test results).

Alternative Valuation Date: Valuation date six months (not 180 days) after the date of a person's death. For estate tax purposes, the executor may place a value on the estate as of the date of death or on the alternate valuation date. To use the alternative valuation date, the estate value and tax must be less than on the date of death.

Ancillary Probate: A probate proceeding conducted in a state other than the state where the decedent lived and the primary probate occurs.

Annual exclusion: The amount of property the IRS allows a person to gift to another person during a calendar year before a gift tax is assessed and/ or a gift tax return must be filed. The amount is

increased periodically. There is no limit to the number of people you can give gifts to which qualify for the annual exclusion. To qualify for the annual exclusion, the gift must be one that a recipient can enjoy immediately and have full control over.

Assignment of Tangible Personal Property: A legal document that covers the funding of all of a Trustmaker's personal effects such as jewelry, clothing, art work, collectibles, furniture, antiques, and the like, into the Grantor's Revocable Living Trust.

Balloon Payment: A loan made where the repayment of the principal, which is the amount of the loan, plus the interest that is owed on it, is divided into installments due at regular intervals—for example, every month. The earlier installments are usually payment of interest and a minimal amount of principal, while the later installments are primarily principal. When a balloon payment is provided in a loan agreement there are a number of installments for the same small amount prior to the balloon payment.

Binding: To bind, binding contracts. These words are applied to a contract entered into between parties.

Carry-over basis: The retention of an earlier basis in property even though the property has changed hands. This occurs most often in two instances: (1) someone acquires property by gift. The basis is the same as it was in the hands of the donor, adjusted upward for any gift taxes paid by the donor. (2) In a 1031 exchange, in which like-kind property is exchanged for other like-kind property in a sort of perfectly legal accounting sleight of hand, the basis in property acquired is the same as the basis in the property given up, even though both might currently have substantially different fair market values.

Cash equivalents: Ultra short-term investments such as savings accounts, money markets, and CD's.

COBRA: A health insurance plan which allows an employee who leaves a company to continue to be covered under the company's health plan, for a certain time period and under certain conditions. The name results from the fact that the program was created under the Consolidated Omnibus Reconciliation Act. The system is intended to prevent employees who are between jobs from facing a

lapse in coverage.

Community Property: A system of property law determining the interests of spouses in property acquired during marriage. Includes everything acquired by a married couple during the marriage, except property acquired by gift or inheritance. Each spouse owns an equal, undivided one half interest of the Community Property. Community Property concepts come from continental civil law, as opposed to English common law. Only a few western states use the Community Property system.

Credit life insurance: form of life insurance that will pay off the balance of a mortgage upon the death of the mortgagor.

Custodian for a Minor: A method for an adult to hold property for a minor under the Uniform Transfers to Minors Act (UTMA) or Uniform Gifts to Minors Act (UGMA). Once the minor becomes an adult under state law, the minor assumes full control of the assets and the custodian has no authority.

Defined Benefit Plan: This type of plan, also known as the traditional pension plan, promises the participant a specified monthly benefit at retirement. Often, the benefit is based on factors such as your salary, your age, and the number of years you worked for the employer.

Defined Contribution Plan: In a defined contribution plan, the employee and/or the employer contribute to the employee's individual account under the plan. The employee often decides how his or her account is invested. The amount in the account at distribution includes the contributions and investment gains or losses, minus any investment and administrative fees. The contributions and earnings are not taxed until distribution. The value of the account will change based on the value and performance of the investments.

Depreciation: A tax deduction without a cash payment, normally providing an important benefit to real estate investors. A tax depreciation deduction may be claimed even when the property's market value increases. The annual tax depreciation deduction allowed for improvements (land is not depreciable) is 3.64% for rental housing (27½-year life) and 2.56% for commercial and industrial property (39-year life).

Direction Memo™: Document created by Paul Caspersen, CFP® designed as a template for writing instructions for an estate plan. The Direction Memo™ is in the same category as other non-binding documents referred to as a “side letter of instruction,” “letter of intent,” or a “model side agreement.”

Disability insurance: Insurance policy that pays benefits in the event that the policyholder becomes incapable of working.

Domicile: Domicile is the place where a person has a permanent principal home. Domicile is important because it is used in determining in what state a probate of a dead person's estate is filed, what state can assess income or inheritance taxes.

Durable Power of Attorney: A document established by an individual (the principal) granting another person (the agent) the right and authority to handle the financial and other affairs of the principal. The Durable Power of Attorney survives through the period of incompetency of the principal.

Ethical will: A form of communication, usually written, in which a person expresses the beliefs and experiences that have mattered most in his or her life. An ethical will has no legal significance; it is intended to convey the writer’s core values to loved ones.

Fiduciary: A person or institution legally responsible for the management, investment, and distribution of funds. The law places various responsibilities on fiduciaries to act in the interests of the beneficiaries.

Funding the trust: Part of the planning process to ensure the property you want handled by the terms of the trust is titled appropriately.

Granted life estate: An individual granted a life estate to a property is responsible for taxes and maintaining the property at the level it was granted, however, the individual does not solely own the property and therefore cannot sell or in any manner encumber the property.

Guaranteed death benefits: A benefit guaranteeing the beneficiary, as named in the contract, will receive a death benefit if the annuitant dies before the annuity begins paying benefits. The benefit received differs among insurance contracts, but the beneficiary is guaranteed an amount equal to

what was invested or the value of the contract on the most recent policy anniversary statement, whichever is higher.

Guaranteed living benefits: A benefit in an insurance contract intended to guarantee the benefit provided to the annuitant and toward that end, usually offers guaranteed protection of the principal investment, the annuity payments, and/or guarantees a minimum income over a specific period to the annuitant and/or beneficiary.

Guardian: A person designated by court appointment and given the responsibility of managing the personal affairs of a minor child or a person that is legally incompetent to manage his or her own affairs.

Health Savings Accounts: replaced the Archer Medical Savings accounts to allow people to deposit pretax savings into an account which can be used to pay insurance deductibles, or other medical expenses. The withdrawals are not taxed as income to the HSA owner. In order to qualify for a HSA, you must only be covered by a high-deductible health plan.

High-deductible health plan: a health insurance plan with lower premiums and higher deductibles than a traditional health plan.

Imputed interest: The minimum interest rate that the U.S. Treasury assumes is paid on a loan, even if the actual interest rate is lower. The U.S. government places an imputed interest rate on some loans to reduce tax avoidance by some organizations that make loans well below market interest rates.

Incapacity: description of a person who is impaired by reason of mental illness, mental deficiency, physical illness or disability, advanced age, chronic use of drugs, chronic intoxication, or other cause (except minority) to the extent of lacking sufficient understanding or capacity to make or communicate responsible decisions.

Incentive Stock Options (ISOs): A type of employee stock option with a tax benefit, when you exercise, of not having to pay ordinary income tax. Rather, the options are taxed at a capital gains rate.

Income in respect of a decedent (IRD): Income that was due to a decedent and will pass through to the recipient or estate as income during that tax year. The recipient (beneficiary) must declare the money as income in respect of a decedent (IRD) for any year in which income is received.

IRD deduction: The IRD deduction comes into play when someone dies who has a pension plan or IRA and the estate is subject to the federal estate tax. The beneficiary of the estate must pay the income tax as he withdraws funds from the inherited account. The IRD is a deduction which will help offset the amount that has to be paid on the beneficiary's income tax.

Irrevocable trust: A trust that cannot be changed, canceled, or "revoked" once it is set up. A "living trust" is not an example of an irrevocable trust. Insurance trusts and "Children's Trusts," or "2503 Trusts," are examples of irrevocable trusts. Irrevocable trusts are treated by the IRS very differently than revocable trusts.

Joint Tenants with Right of Survivorship (JTWROS) - A form for holding undivided title to property among more than one person. When one of the co-owners dies, the other becomes the sole owner of the property.

Laws of intestacy: a circumstance of intestacy which is dying without a legally valid will.

Life Estate: The right to have all of the benefit from a property during one's lifetime. The person with the right doesn't own the property, and when he or she dies, the property is not included in his or her estate.

Life estate reserved: An individual may gift a property, such as a personal residence or farm, to a qualified exempt charity and retain the right to live on or use the property for life. Giving property to a charity and retaining a life estate provides a donor with several tax benefits. The donor receives a charitable income tax deduction for the present value of the remainder interest given to charity.

Living trust: A type of revocable trust used in estate planning to avoid probate, help in situations of incompetency, and allow "smooth" management of assets after the death of the grantor or person who

established the trust. The trust can be effective in eliminating or reducing estate taxes for married couples. Revocable Living trusts are established during the life of the grantor, who retains the right to the income and principal and the right to amend or revoke the trust. When the grantor dies, the trust becomes irrevocable and acts as a substitute for a traditional will.

Living will: A document defining your "right to die." It usually states that you do not want to have your life artificially prolonged by modern medical technologies. You can specifically define the means which you do not want used or do want used.

Medicaid: A program, funded by the federal and state governments, which pays for medical care for those who can't afford it. The program usually helps low-income individuals or families, as well as elderly or disabled individuals. To receive Medicaid, an individual must meet certain criteria (such as income level), and also must go through an application process. Although all states participate in the Medicaid program, each state manages their own program, and is able to set different requirements and other procedures.

Memorandum of Tangible Personal Property: Tangible personal property memorandum (TPPM) is a legal document that lists items of tangible personal property like jewelry, paintings, or furniture and the persons who should receive the property upon the owner's death. It is used to direct the distribution of tangible personal property. This document can be handwritten or signed and is a separate document from the property owner's will. When this is referred in a last will and testament, it is a valid testamentary disposition under state law.

Net capital loss: The excess of allowable capital losses over taxable capital gains for that year. Allowable capital losses can only be deducted against taxable capital gains and additionally net capital losses deductible up to a limit of \$3,000 per year. Net capital losses in excess of the \$3,000 limit are carried forward to future year's taxes.

Non-binding: communication in written form that does not hold a party to an obligation, duty, promises, etc.

Nonqualified investments: taxes are paid prior to the investment being made. In most circumstances the post-tax money invested is considered the cost basis of the investment.

Nonqualified Stock options (NQSOs): Any employee stock option that does not meet with IRS requirements for favored tax treatment.

Non-qualified Retirement Plans: A tax-deferred, employer-sponsored retirement plan that falls outside of employee retirement income security act (ERISA) guidelines. Non-qualified plans are designed to meet specialized retirement needs for key executives and other select employees. These plans also are exempt from the discriminatory and top-heavy testing that ERISA governed qualified plans are subject to.

Permanent insurance: life insurance policies that are meant to be held for the duration of the insured's life.

Probate: The legal process which facilitates the transfer of a deceased person's property whether they leave a will or don't leave any will. The court establishes the authenticity of the will (if any), appoints a personal representative or administrator, identifies heirs and creditors, directs payment of debts and taxes, and oversees distributions of the assets according to the will or state law in the absence of a will.

Qualified Charities: An organization that has applied for and received tax-exempt status.

Qualified domestic trust (QDOT): is to preserve the marital deduction when the surviving spouse is not a United States citizen and the trust assets are likely to be subject to the federal estate tax if the marital deduction is not available.

Qualified Personal Residence Trust (QPRT): A trust created and controlled by the homeowner-grantor but the title to the residence is transferred to the trust. The grantor/trustee may retain the right to

dwelt in the residence for a specified term of years. During the grantor's stay they are not required to pay rent but are responsible for related expenses like maintenance and taxes.

Reverse mortgage: A loan available to seniors aged 62 or older, per HUD, is used to release the home equity in the property as one lump sum or multiple payments. The homeowner's obligation to repay the loan is deferred until the owner dies, the home is sold, or the owner leaves, they can be out of the home for up to 364 consecutive days.

Revocable living trust: A trust which can be amended or revoked by the person(s) who established the trust.

Skip person: a natural person assigned to a generation which is 2 or more generations below the generation of the transferor, or a trust that has one or more skip persons.

Sole Ownership: Only owner of particular property.

Special Needs Trust: A trust that must meet certain legal criteria to protect the special needs beneficiary and preserve any type of governmental aid they might be receiving.

Springing power of attorney: A power to act on the occurrence of some certain criteria, such as an illness or incompetency. The power is said to spring into existence upon the occurrence of the event. The agent's power to act for the principal under a durable power of attorney is usually a springing power.

Stepped Up Basis: The readjustment of the value of an appreciated asset for tax purposes upon inheritance. With a step-up in basis, the value of the asset is determined to be the higher market value of the asset at the time of inheritance, not the value at which the original party purchased the asset.

Target asset allocation: A portfolio an investor strives to maintain overtime and it's based upon the goals, time horizon, and risk tolerance, evolving over an investor's life.

Tenants in Common: A way of owning property in which two or more owners all "share" ownership of the property. The owners can own various percentages of the whole property, unlike joint tenants which

each own an equal share. When one owner dies, his or her share does not "automatically" go to the other owner(s), because tenancies in common do not have a survivorship provision like joint tenancies.

Tenants By the Entirety: A way of owning property which, for almost all practical purposes, is the same as joint tenants. Tenancies by the entirety are creations of state law and are used only between husbands and wives, whereas joint tenancies can be used by anyone, not just by husbands and wives, who want to own property jointly.

Term Life Insurance: Term life insurance provides a death benefit if the insured dies. Term insurance does not accumulate cash value and ends after a certain number of years or at a certain age.

Testamentary trusts: A trust created by the terms of a will.

T.O.D. (Transfer on Death): Transfer on death (TOD) registration allows you to pass the securities you own directly to another person or entity (your "TOD beneficiary") upon your death without having to go through probate.

Trust: A legal document in which property is held and managed by a trustee for the benefit of another known as a beneficiary. A trust is a relationship in which property is held by one person for the benefit of another. The trust can be created verbally, but will most often be in writing.

Uniform Probate Code: A standardized code designed by the American Law Institute to streamline the probate process. Many states have not adopted the code as part of their laws.

Will Contest: A formal objection raised against the validity of a will, based on the contention that the will does not reflect the actual intent of the testator (the party who made the will). Will contests generally focus on the allegation that the testator lacked testamentary capacity, was operating under an insane delusion, or was subject to undue influence or fraud. A will may be challenged in its entirety, or only in part.

Will Substitute: A will substitute is a technique that allows you to transfer property at your death to a beneficiary outside the probate process.

