

Estate Planning Essentials: Overcoming Barriers and Making the Right Plan for You

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Estate planning Issues to Consider

Things to think about at the outset of your estate planning discussions:

- If you are incapacitated, who can you rely on to take care of (a) your finances, (b) your health care decisions, and (c) your minor children (if any)?
- If you have a terminal illness or you are in a permanent unconscious condition, do you want life support measures continued or removed?
- Following death, do you want to donate your organs, eyes, and/or tissue? Your entire body?
- Following your death, would you prefer to have your remains: (a) buried, (b) cremated, (c) composted, (d) aquamated (a.k.a. liquid cremation or alkaline hydrolysis)?

Estate planning Issues to Consider, Cont.

Things to think about at the outset of your estate planning discussions:

- Following your death, who will be the beneficiaries of your estate? Do you want any part of your estate to go to charitable organizations? If none of your descendants are living (no children, grandchildren, etc.) who will be the beneficiaries of your estate?
- Are there any beneficiaries whose share of your estate should be put into a Trust for his/her benefit (e.g., minor beneficiary, beneficiary with special needs, beneficiary with addiction issues, etc.)?

Estate planning Issues to Consider, Cont.

Things to think about at the outset of your estate planning discussions:

- Following your death, who can you rely on to administer your estate (file your Will with the court, create an inventory of your assets, pay off creditors, file your final income and estate tax return (if required), and ultimately distribute the assets of the estate)?
- Where/how will your fiduciary find your asset/liability information if you are incapacitated and/ or following your death?



I Want You to Pay Your Taxes!

What About Estate Taxes?



A one-time transfer tax due if the decedents assets reach certain threshold levels.

- Washington State Estate Tax Exemption
\$2,193,000
- Federal Estate Tax Exemption \$13,610,000 for an individual or \$27,220,000 for a married couple. For 2025, this will increase to \$13,990,000 for an individual or \$27,980,000 for a married couple.
- What about after 2025?

Washington Estate Tax

Table W - Computation of Washington estate tax

For dates of death 01/01/14 and after

Note: The Washington taxable estate is the amount after all allowable deductions, including the applicable exclusion amount.

If Washington taxable estate is at least...	But less than...	The amount of tax equals: Initial tax amount...	Plus tax rate %...	Of Washington taxable estate value greater than...
\$0	\$1,000,000	\$0	10.00%	\$0
\$1,000,000	\$2,000,000	\$100,000	14.00%	\$1,000,000
\$2,000,000	\$3,000,000	\$240,000	15.00%	\$2,000,000
\$3,000,000	\$4,000,000	\$390,000	16.00%	\$3,000,000
\$4,000,000	\$6,000,000	\$550,000	18.00%	\$4,000,000
\$6,000,000	\$7,000,000	\$910,000	19.00%	\$6,000,000
\$7,000,000	\$9,000,000	\$1,100,000	19.50%	\$7,000,000
\$9,000,000		\$1,490,000	20.00%	\$9,000,000

Federal Estate Tax

For Taxable Estates in This Range	You'll Pay This Base Amount of Tax	Plus This Rate on the Excess Above the Lower End of the Range
\$0 to \$10,000	\$0	18%
\$10,000 to \$20,000	\$1,800	20%
\$20,000 to \$40,000	\$3,800	22%
\$40,000 to \$60,000	\$8,200	24%
\$60,000 to \$80,000	\$13,000	26%
\$80,000 to \$100,000	\$18,200	28%
\$100,000 to \$150,000	\$23,800	30%
\$150,000 to \$250,000	\$38,800	32%
\$250,000 to \$500,000	\$70,800	34%
\$500,000 to \$750,000	\$155,800	37%
\$750,000 to \$1 million	\$248,300	39%
\$1 million and up	\$345,800	40%

Which States Have an Estate Tax?



Washington

New Jersey

Oregon

Vermont

Minnesota

Maryland

Iowa

District of Columbia

Nebraska

Illinois

Kentucky

Pennsylvania

New York

Rhode Island

Hawaii

Maine

Massachusetts

Federal Gift Tax



What is a gift tax?

Is there a gift tax in Washington?

What is subject to the federal gift tax?

What about the \$18,000 (\$19,000 for 2025) annual exclusion?

What is the annual exclusion for married couples?

Are there any deductions?

What about medical and educational expenses?

What is a death bed gift?

Are gifts of all assets created equal?

Durable Power of Attorney

This document takes effect immediately for **health care** purposes and either immediately or upon incapacity for **financial** purposes. A durable power of attorney is **only effective during your life** and loses its effectiveness upon your death.

The durable power of attorney allows your agent to **handle your finances and work with your health care providers on your behalf while you are still alive but are, for some reason, unable to** take care of these things yourself.



Durable Power of Attorney

Requirements for a validly executed DPOA:

- **Signed**
- **Dated**
- **Acknowledged before a notary OR**
- **Attested by two or more competent witnesses**
- **In the presence of Principal and at Principal's request or direction**

Will



"I would like a will prepared... nine to be exact."

Will



This document is not effective until your death. You can change it at any time during your lifetime.

It basically **provides a road map for distribution of your probate assets at death.** It appoints someone (an executor/personal representative) to gather all of your assets at death and distribute them according to your wishes expressed in your will.

A will is filed with the court after death and a probate may be opened wherein the court formally appoints the executor or personal representative named in your will to distribute your probate assets according to the terms of your will.

Will



Requirements for a validly executed will:

- **Writing**
- **Signed**
 - (1) **By Testator**
 - (2) **By two or more competent witnesses**
- **In the presence of the Testator**

Revocable Living Trust



This document is active during your lifetime and governs distribution of your assets at your death.

Like a will, it is completely revocable during your life, and you **can change it any time.**

It is essentially an entity that holds title to your assets while you are living. Then, at your death, all the assets held in the trust will be distributed according to the terms of the trust agreement. **If properly funded during life, probate proceedings may not be necessary at death, but the trust assets will need to be administered at death, which is very similar.**

What is Probate?



Probate is a court-supervised process of settling a dead person's (decedent) estate, basically settling debts and transferring assets.

Court gives the personal representative (aka executor) the power to settle the estate by issuing that person Letters Testamentary, which show the rest of the world that the executor has the power to deal with the decedent's estate.

Probate Cont.



Executor/Personal Representative/Administrator must:

- Gather all the decedent's probate assets;
- Notify and pay the decedent's creditors;
- File tax returns and pay any taxes due;
- Distribute decedent's assets according to the terms of the decedent's Will

Non Probate Assets



- Assets titled as joint tenancy with rights of survivorship
- Property subject to a community property agreement
- Property held in trust
- Life insurance policies
- Transfer on death or pay on death accounts

When to consider updating your estate plan



Thank You



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