



## Creating a Plan for Effective Wealth Transfer

Have you implemented estate planning strategies to help pass along more of your wealth to your heirs? If not, this article will motivate you to do so.

Investors often concentrate on accumulating assets, but how much time and energy is spent on preserving those hard-earned assets for future generations? Not nearly enough. Have you considered any of the following strategies to help pass along more of your estate to your heirs?

### Nuts and Bolts of Estate Planning

Many people don't begin thinking about transferring their assets until retirement. In reality, effective estate planning is an ongoing process—often best begun at a much younger age. At the very least, you should have a will to ensure that your final wishes are known. If you have dependent children, also consider naming a suitable guardian for them. After determining the value of real estate, cash-value life insurance policies, and assets held in retirement and investment accounts, a more encompassing plan may also be necessary.

### Giving Less to the Tax Man

What can you do to avoid drastically reducing your estate to meet tax obligations? Life insurance may be a tax-efficient way of transferring accumulated wealth. Some types of policies offer current tax benefits and also reduce or eliminate taxes for beneficiaries. And life insurance may also increase the amount passed on to your heirs. Plus, it may also help owners of highly appreciated property or small businesses retain their assets, rather than be forced to sell those assets to pay Uncle Sam.

Trusts may also be appropriate, and there are many types from which to choose. A grantor retained annuity trust (GRAT), for example, allows you to transfer assets to an irrevocable trust and then receive a yearly annuity for a specific number of years. Once the GRAT is dissolved, the remaining assets pass to the beneficiaries, usually free of estate and gift taxes. Charitable remainder trusts are also popular. They can be arranged so that you -- and, if you desire, a named beneficiary—receive tax benefits and, in some cases, income during life. What's more, the trust also benefits a charity of your choice. If appropriate, trusts are a key part of the estate planning process.

This article just scratches the surface of effective wealth transfer. Contact your financial advisor or lawyer about these and other suggestions to make the most of your assets -- for both you and your heirs.

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