

# **FOUR STEPS TO EFFECTIVE ESTATE PLANNING: IT'S NOT AS HARD AS IT MAY SEEM**

Estate planning is about ensuring that your loved ones will be taken care of financially after you're gone. Whatever the size of your estate, and everyone has an estate of some size, it's important to think about what you want to leave to your heirs. To do this, you'll need a carefully crafted estate plan.

Estate planning may seem difficult, even daunting. It doesn't have to be. You can approach it simply as a series of questions to answer: What are your assets? Whom would you like to be your beneficiaries? What do you want to leave to your heirs? And what strategies can help maximize the value of your assets and reduce the cost of transferring them to your heirs?

Your answers to these questions will give you a clearer picture of your financial status, as well as a good idea of what you'll be able to leave to your family and others you care about, including organizations and institutions you believe in.

## ***1. ITEMIZE YOUR ASSETS***

You may have more in your estate than you realize:

- Cash in checking and/or savings accounts, as well as in safety deposit boxes
- Stocks, bonds, and annuities
- Life insurance
- Real estate, including your family home, a vacation home
- Property held in a trust you control outright
- Personal property
- Art and other collectibles
- Qualified retirement plan accounts, such as 401(k)s, and profit-sharing plans

## ***2. SELECT AND NAME YOUR BENEFICIARIES***

Most people name a spouse, children, and relatives first. Beyond that, you may have unique situations to consider. For example, do any of your dependents have special needs? Some dependent children will need full-time assistance as adults. Others may be more functional, but may not be able to earn enough as adults to support themselves, particularly if they require continuing medical care, physical rehabilitation, occupational therapy, and/or certain social services. Also, if you want to leave an indelible impression on the lives of others, you may want to put favorite charities on your list of beneficiaries. Your generosity can help to do numerous things.

## ***3. DETERMINE WHAT YOU WANT TO LEAVE TO YOUR HEIRS***

Once you've listed your assets and selected your beneficiaries, you'll be better able to determine what you'll need to do during your lifetime to help you create, conserve, and transfer your assets. For example, you can help to provide, in advance, for payment of estate tax so that the amount your heirs receive can be maximized. Life insurance can be an important tool in this respect. In addition to replacing the lost income of the family's wage earners, a life insurance policy can help to provide the money needed for payment of estate tax; state inheritance and income taxes; funeral costs; outstanding debts; fees for attorneys, trust officers, accountants, and other fee-charging professionals on your estate planning team; as well as miscellaneous administrative expenses.

## ***4. USE PROVEN STRATEGIES TO MAXIMIZE YOUR LEGACY***

There's a lot you can do to help minimize federal gift and estate taxes and increase the amount of assets you will pass to your heirs, during your lifetime and upon your death. You should consult with your team of advisors about current, popular deductions, exclusions, exemptions and proven strategies that can help you to meet your goals.

\*Neither New York Life Insurance Company, nor its agents, provides tax, legal, or accounting advice. Please consult your own tax, legal, or accounting professional before making any decisions.