



## 5 Simple (and Effective) Tips to Avoid Probate

### 1. Write a Living Trust

It's simple. The best way to avoid probate is to simply create a living trust. A living trust is a simple enhancement to a Last Will. A living trust places your property and assets in trust which are then controlled by a trustee for the benefit of your beneficiaries. By creating a living trust, you may avoid probate because the property and assets are already distributed to the trust.

A trust also saves you the money of "probating" a will. During the probate process there are fees taken from the gross estate. Surprisingly enough, these fees can cost as high as ten percent of the total estate. By saving these funds, you can put the money to better use like; paying trustee fees and burial costs.

### 2. A Last Will Might Be Right For You, Ask Your Attorney!

In some cases, a Last Will can be more effective over a trust because it's a more clear-cut planning document. Just because you've written a will doesn't mean that all of your assets will pass through probate. Most of your valuable assets allow you to name beneficiaries.

### 3. Check Your Bank Accounts

Many people don't realize that if they have any bank accounts that you opened along time ago, that many of them allow you to name a beneficiary that is payable on death. Payable on death accounts include life insurance policies, pension plans, 401K plans, IRA accounts, stocks and bonds.

All you have to do is fill out the payable on death forms that your bank or brokerage company provides you. Don't forget that if you are married, some of these accounts are partially owned by your spouse. By filling out these forms, you are guaranteed that the proceeds are dispersed at death (without having to go through probate).

#### **4. Joint Ownership = No Probate**

By owning property with your spouse or significant other, your property can automatically go to your significant other without going through probate. You don't have to be married. If your property is designated as a "jointly held property", then the property will go directly to the surviving member of the couple.

#### **5. Long-Term Gifting**

Another way to reduce or eliminate probate is by simply giving your money away. Under current U.S. tax law you are allowed to give away up to \$12,000 per individual each year. That means that a couple can give up to \$24,000 per year to each child, grandchild, niece, nephew or friend. Long-term gifting significantly reduces your taxable estate.