



## Why you need an estate plan

It's a common perception that estate plans are exclusively for the wealthy. But if you own any assets at all — a home, a car, savings or retirement accounts, for example — or you have loved ones who depend on you, you need an estate plan.<sup>1</sup>

An estate plan can do much more than minimize estate taxes. A well-crafted plan can:

- Keep assets out of probate and provide greater privacy concerning your financial resources.
- Provide safeguards to see that assets are distributed and used as you intend.
- Protect assets from creditors and the effects of divorce.
- Help minimize potential conflicts among beneficiaries when you are no longer able to act as a moderating force.
- Provide professional management of assets now, or in the event you become unable to manage your own affairs.
- Document your wishes regarding medical care.

## Finding a trusted advisor is the first step

Your advisor, working with a Bank of America<sup>2</sup> trust professional, may be able to help. They can provide an overview of the current federal gift and estate tax, identify if you live or own property in a state that may impose wealth transfer taxes and identify strategies that you may want to discuss with your estate planning attorney or tax advisor.

They can also explain how key estate planning documents (see [Understanding the basics](#) on the next page) are commonly used. When you are ready, your advisor, together with any trust professionals who have been involved, can work with your estate planning attorney and tax advisor to help evaluate alternatives and, where appropriate, assist with implementation. If lack of an estate planning attorney is keeping you from moving forward, your advisor may be able to identify several in your area who may be able to help.



Only 18% of Americans have the necessary documents in place to help direct their wealth as they intend.<sup>3</sup>

## Understanding the basics

Normally, an estate plan includes several elements, each of which serves a specific purpose. The most common include:

### **Will**

Documents how assets are to be distributed following your death and names any individuals or entities you would like to serve as a guardian, executor or trustee. A will does not control how certain assets are distributed: assets that are jointly held with the right of survivorship automatically pass to the survivor and beneficiary designations control how IRA and other retirement plan assets are distributed.

### **Trusts**

Can be established during your lifetime or created under your will at the time of your death. They are commonly used to control how funds are to be distributed, managed and used during your lifetime (including periods of incapacity) for your benefit and/or after your death for your chosen beneficiaries. The assets of a trust created during your lifetime often avoid probate. Certain types of trusts can also remove assets, and the appreciation on them, from your taxable estate.

### **Durable power of attorney**

Allows the individual you designate to act on your behalf in handling specific duties such as paying bills or making decisions regarding investments or real estate. It represents one method of dealing with incapacity.

### **Living will**

Communicates your wishes regarding the medical treatment you wish to receive or reject under specific conditions and typically outlines the conditions under which extraordinary measures to prolong life should not be taken.

### **Health care proxy or health care power of attorney**

Appoints a proxy or agent to make health care decisions when you are no longer able to make decisions or communicate your wishes. It allows the individual you designate to make decisions on matters not specifically covered in a living will.

### **Life insurance**

Often used to provide cash flow to offset estate taxes, equalize an inheritance or minimize the income taxes paid by a trust. Life insurance owned by and payable to a properly structured trust is excluded from your taxable estate and the proceeds of the policy are not subject to income tax.

## Trust and estate services from Bank of America

If the plan created by your estate planning attorney includes a trust, it may be comforting to know that Bank of America may be able to help by serving as trustee or by assisting an individual you may have named to serve as trustee.

Bank of America is the largest provider of personal trust services in the country<sup>4</sup> and has deep fiduciary knowledge as well as experience with a broad range of personal and charitable trusts. Bank of America also helps clients by serving as executor<sup>5</sup>, a role in which our nationwide presence and ability to provide day-to-day management of nonfinancial assets may be particularly useful.

We work with your advisor to help identify trust solutions that align with your priorities, and integrate them into your overall estate and wealth management plans. Reach out to your advisor to learn more.

Bank of America Trust Services is dedicated to helping you simplify your life, give lasting meaning to your wealth, and prepare for whatever the future may hold.

<sup>1</sup> <https://www.legalzoom.com/articles/estate-planning-statistics> March 16, 2021.

<sup>2</sup> Trust and fiduciary services are provided by Bank of America, N.A., Member FDIC and wholly owned subsidiary of Bank of America Corporation ("BoFA Corp.").

<sup>3</sup> Source: Age Wave, Leaving a Legacy: A Lasting Gift to Loved Ones, 2018 (latest available.)

<sup>4</sup> Source: Spectrem, 2021 Comprehensive Bank Trust Update.

<sup>5</sup> In some states, Executors are referred to as personal representatives.

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