

Estate planning notes

The basics

Purpose

The purpose of an estate planning is not only planning for life after you die; it is also about planning for what happens with you and your assets if you become disabled. You should have clear objectives and goals to plan for the future. Proper and timely planning will save time, problems and money to your loved ones.

General objective: Establish a plan so that there is a minimal disruption during a usual sadness period.

Let us ask some important questions

What taxes could affect your estate?

Your estate may trigger the application of estate taxes (US federal, state or Puerto Rico), gift taxes, income taxes and/or generation skipping taxes at US federal level. Therefore, it is important to understand how these taxes will impact your estate.

Who owns the property?

Even when this may seem a simple question, it is really not. Understanding who owns the property in consideration leads to who will inherit it after death. A **will** cannot change the ownership of the property.

Do you need to create a trust?

One of the main reasons to use trusts is to avoid probate but you certainly need to analyze other important factors. "One size does not fit all."

What options do you have to transfer your estate to your heirs or beneficiaries?

You can focus on who will inherit your property and how they will inherit it after you die. It is important to understand the different aspects affecting minors and adults beneficiaries. You can attach strings to your property and limit how your property may be used.

What is so important about succession planning?

Not having your documentation in order is very unfair to your family or those that work in your business and depend on it. A buy-sell agreement is a **will** for a business and will avoid a lot of misunderstandings between the owners of the business if one owner dies or suddenly becomes disabled.



Contact us

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What are the most important documents in estate planning?

- ✓ Last will and testament
- ✓ Living will and medical directives
- ✓ Durable power of attorney (for health care, property management or both)
- ✓ A side or personal instructions letter
- ✓ Homestead exemptions
- ✓ Insurance policies
- ✓ Digital assets and access to them

Should you review your estate plan?

Once you have an estate plan you should update it with certain frequency. There are situation in your life that may affect it: marriage or divorce, children or grandchildren, a loved one passes away, move to a new country, buy or sell a business, etc.

In addition, Puerto Rico, state and US federal laws are constantly changing and the estate plan should be modified to reflect the impact of those changes.

Therefore, you need to review your estate plan on a regular basis to make sure that it still meets your estate planning goals and objectives.



Our next article discusses the Estate Taxation of US and Puerto Rico individuals.

Formalize your wishes in an estate plan. It is an important step that cannot wait.