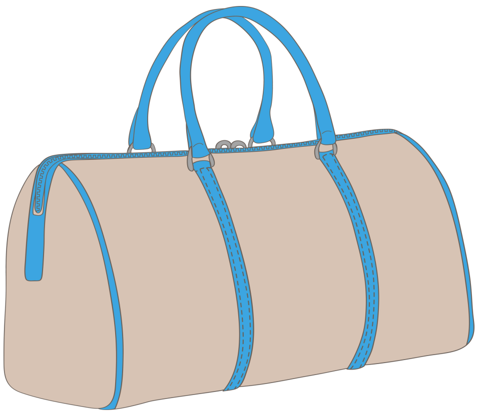
HARDIE
ALCOZER

Estate Planning Basics

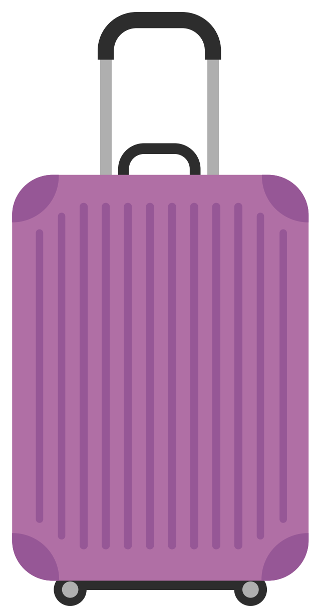
WILL



A Will is like a "*weekend bag*"- you have the necessities there with you, but you have not weighed down your bag with extras that you might need. You may have an extra pair of underwear, but you don't have a lot of extra outfits. You have what you need and you packed light!

- Typically less expensive (and thus, the popular choice for fee conscious clients)
- Does not avoid probate, though probate in Texas is relatively painless (and this option does make probate substantially easier)
- Still the most common choice for estate planning in Texas and most people understand how they operate
- Probate can occasionally he a benefit to estate for creditor protection or beneficiary compliance and notice

TRUST



A Trust is like "*checked luggage*"- a little heavier and more full, but you are prepared for almost any contingency. An extra outfit in case you sweat too much, an outfit for an extra nice dinner out, even though you're hiking in the mountains- whatever life throws at you, you're ready. In Trust terms, that means we are ready for estate tax implications (based on the plan), family changes, asset protection, etc.

- Typically more expensive (and our highly recommended option for larger estates)
- Avoids probate if properly funded, which requires more work and expense on the front end, though it is cost saving in the long run
- Easier to amend, as there are fewer rules for execution.
- Asset protection and more complex planning options, like charitable trusts, bypass trusts, irrevocable trusts, and unfunded trusts.

ANCILLARY DOCUMENTS

aka Incapacity Documents

Statutory Durable Power of Attorney

(aka Financial POA)
This person can act as your agent in the event you become incapacitated or immediately (depending on your selection), to handle your *financial affairs* (recommended to use your executor/trustee selections).

Medical Power of Attorney

This person is in charge of your *medical decision making* in the event you cannot make decisions for yourself.

Directive to Physicians and Family

This is what most people know to be a "living will" or a "DNR"- a document which specifies what you want for life-saving treatment. You can elect if you want all life saving measures and medication to be administered, or just make you comfortable throughout the process.

Declaration of Guardian

In the event you become incapacitated and need a guardian, you can, while you are competent, designate who you would like to be the guardian of your "person," "your estate" or both.

HIPAA Authorization

These are people who will have access to your medical information. We recommend you list your Medical Power of Attorney people here.

Appointment of Agent to Control Disposition of Remains

This person is in charge of disposing of your remains according to your wishes. This can be a burial, cremation, donated to science... some people even get their remains turned into fireworks or a diamond!

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Trust Decision Making

Things to Consider:

1. Family Dynamics
2. Types of Property
3. Value of Property
4. Asset protection
5. Tax Implications

Who will your trustee(s) be?

- During your lifetime
- During your incapacity
- After your death

Will there be any lifetime power of appointment? Or testamentary power of appointment?

- Descendants?
- Spouses?
- Charities?
- Anyone?

How do you want to split your property?

- Any specific distributions?
- Liquidate and split the residual?
- Allow the trustee to decide?

Is anything else important to you?

- Pet trust?
- Any personal property to specific people?
- Business succession planning?
- Anyone with special needs?
- Contest clause?

Will there be a demand right?

- Unlimited
- Ages
- $5,000 or 5%

What will be the distribution upon death?

- Descendants-outright
- Descendants-cascading trust
- descendants-asset protected trust
- named individuals
- charities

Who are the contingent beneficiaries? How will lapsed gifts be handled?

What distribution standard?

- Income only?
- HEMS?
- Trustee discretion?
- Income + HEMS for principal?

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