
The Basics of Estate Planning with Wills and Trusts

Reference Manual
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The CLE office is located at 1700 Lake Shore Drive, Columbus, Ohio 43204

Mail may be addressed to:
P.O. Box 16562
Columbus, Ohio 43216-6562

CLE telephone numbers are:
614-487-8585
800-232-7124

**OHIO STATE BAR ASSOCIATION
CONTINUING LEGAL EDUCATION**

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To promote justice and advance the legal profession.

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To make membership in the Ohio State Bar Association indispensable to Ohio Lawyers.

THE CLE STAFF

Fran Wellington
Director

fwellington@ohiobar.org

Todd Burch
CLE Program Manager
tburch@ohiobar.org

Kerschie Byerly
Senior CLE Publications Editor
kbyerly@ohiobar.org

Erica Cook
Senior CLE Program Manager
ecook@ohiobar.org

Deanna Freeman
CLE Program Administrator
dfreeman@ohiobar.org

Lynda Morris
CLE Program Coordinator
lmorris@ohiobar.org

Melissa Quick
Manager of CLE Certification and Specialization
mquick@ohiobar.org

The Basics of Estate Planning with Wills and Trusts

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1.0 CLE Credit Hour

Wednesday, July 10, 2019 at 1:00pm

Featuring:

Luann K. Snyder, JD, CTFA; Vice President and Trust Officer, Park National Bank, Fairfield National Division; Lancaster

This presentation is a live webcast. If you have a question for the speaker during the presentation, please feel free to submit your inquiry to webquestions@ohiobar.org with "The Basics of Estate Planning" in the subject line or call 1-800-232-7124, and let the operator know that you have a question for the seminar speaker.

The Supreme Court Commission on CLE has requested that we advise you that this webcast seminar is considered self-study. Under current regulations you are allowed to earn up to 12 of your 24 required CLE credits through self-study. In order to receive CLE credit for this webcast, you must view the entire program. No partial credit can be given.

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Speaker Biographies

Luann K. Snyder, JD, CTFA

Vice President and Trust Officer

Park National Bank, Fairfield National Division

Lancaster, Ohio

Ms. Snyder received her JD from The Ohio State University Michael E. Moritz College of Law, and she is a Certified Trust Financial Advisor, having received that designation from the American Bankers Association. She is a member of the American Bar Association, Ohio State Bar Association, Fairfield County Bar Association, Central Ohio Estate Planning Council, and the Tri County Estate Planning Council. Ms. Snyder is the head of the Trust and Investments department at the Fairfield National Bank division of Park National Bank where she works as a trust officer and handles trust and estate administration, investment management, and retirement plan services administration. In addition, she is an adjunct professor teaching Business Law at Ohio Wesleyan University.

The Basics of Estate Planning with Wills and Trusts

Luann K. Snyder, JD, CTFA
Vice President and Trust Officer
Park National Bank, Fairfield National Division
Lancaster, Ohio

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Luann K. Snyder, J.D., CTFA
Vice President and Trust Officer
Park National Bank, Fairfield National Division



**ESTATE
PLANNING
IS NOT JUST
FOR
THE
WEALTHY!!**



⊕ Basic Estate Planning Documents

- Wills
- Durable Power of Attorney
- Living Will
- Healthcare Power of Attorney
- Revocable Living Trust

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⊕ Wills

EVERYONE should have a Will



In a Will you can :

- Specify how your assets are distributed once you pass away.
- Name a guardian for your minor children
- Appoint an executor to handle your estate

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Reasons to update your will:

- Marriage
- Divorce
- Death of a spouse or beneficiary
- Change in net worth
- Retirement
- Relocation to another state
- Birth of children/grandchildren

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What happens if a client dies without a Will?

- The State of Ohio determines who inherits based on the laws of intestate succession.
- R.C. 2105.06

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But what about “probate”?



- Probate is simply a Court supervised process.
- Probate distributes assets per the client’s wishes and pays creditors.
- Small estates can use an expedited process called a Relief from Administration
 - R.C. 2113.03
 - \$100,000 if the Estate is to a surviving spouse
 - \$35,000 if there is no surviving spouse

7 T&I

Which assets are included in the decedent’s Estate?

- Always examine how an asset is titled!
- The Estate will include those assets titled solely in the decedent’s name.

8 T&I

WHAT IS AN “ESTATE”?

What you own - what you owe = your estate
(assets) (liabilities)



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Assets include:

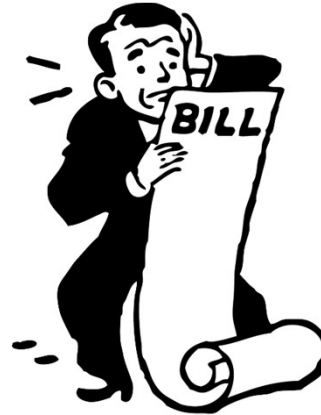


- Cash, checking and savings accounts
- Real estate
- Business interests
- Collectibles (jewelry, baseball cards, etc.)
- Motor vehicles
- Stocks, bonds, mutual funds, CDs, etc.
- 401(K), IRAs and other retirement accounts
- Furniture

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Liabilities include:

- Home mortgage
- Auto loan
- Credit card debt
- Unpaid taxes
- Outstanding bills



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Sample balance sheet

<u>ASSETS</u>		<u>LIABILITIES</u>	
Home	\$200,000	Home Mortgage	\$100,000
401(k), IRA	75,000	Credit card debt	3,000
Investments	20,000	Auto Loan	7,000
Auto	15,000	Unpaid taxes	<u>5,000</u>
Bank accounts	<u>5,000</u>		
TOTAL	\$315,000	TOTAL	\$115,000

NET WORTH \$315,000-\$115,000= \$200,000

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➤ A client can avoid Probate by updating how assets are titled and naming beneficiaries:

- Joint ownership
- Beneficiary Designations
- Payable on Death Designations
- Transfer on Death Designations

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Clients can also make lifetime gifts of assets

- As of 2019, you can gift up to \$15,000 per year, per person without filing a federal gift tax return.
- Married couples can gift \$30,000 per year, per recipient.
- Gift tax is generally not an issue with :
 - Direct payments to hospitals or medical providers
 - Direct payments to colleges or private schools for tuition
 - Gifts to your spouse
 - Gifts to charities



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⊕ Durable Power of Attorney

- Authorizes an agent to act on behalf of a principal for personal, financial and business matters
- A principal can name one or two agents who can act independently unless the document specifies that they must act together.
- If a principal names a sole agent, a successor agent should also be named
- The grant of authority is immediate
 - An exception would be to use a Springing Power of Attorney.
 - The practical application can be a dilemma if a physician's diagnosis is required.

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Durable Power of Attorney

- The principal can specify the powers the agent can exercise.
- If there is no POA and a person loses capacity, a guardianship must be established through the Probate Court to grant someone authority.
- R.C. 1337.22
- R. C 1337.60 statutory form
 - Use of the statutory form is more practical for third party financial institutions

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⊕ Healthcare Power of Attorney

- A principal grants authority to an agent to make medical decisions
- Authority can only be exercised if the principal is unable to make his own medical decisions
- Used in emergency situations
- RC 1337.11

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⊕ Living Will

- Also, gives authority to an agent to make medical decisions on behalf of the principal.
 - Used in situations with chronic medical conditions.
 - R.C. 2133
-
- The Healthcare Power of Attorney and Living Will are used in different scenarios
 - The client needs both documents
 - Use of the statutory forms is preferred for medical providers

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⊕ Trusts

A Trust can:

- Avoid probate and remain private
- Provide long term control over your assets
- Help with special needs beneficiaries
- Provide limited access for spendthrift beneficiaries
- Estate tax protection for large estates
 - 2019 Federal Gift and Estate tax exemption 11.4 million per individual
 - Two spouses combined can shield 22.8 million in assets from Estate tax
 - As of 2013, Ohio no longer has an Estate tax!



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How Does a Trust Work?

- Transfer ownership of property- bank accounts, securities, real estate, etc. into the Trust.
- The transfer can occur during your lifetime or at your death.
- Name a Trustee to assume responsibility for managing the Trust assets.
- You may serve as your own Trustee during your lifetime.
- The Trustee can be a financial institution or a person.
- Name beneficiaries of the Trust and determine distribution parameters.
- Detailed instructions for the Trustee to manage the Trust assets and distributions

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Trust Scenario #1



- Bob and Sally have found true love in their second marriage together.
- Bob has two children, Brian and Betty from his first marriage and Sally has three children, Samantha, Sue and Steve.
- Bob and Sally want to provide for each other when one of them passes.
- When the second spouses passes away, each wants their own children to inherit from their personal estate.
- So Brian and Betty will inherit Bob's estate and Samantha, Sue and Steve will inherit Sally's estate.
- They think they might need Trusts, but are unsure how to proceed.

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Trust Scenario #2



- Mike and Mary have two grown children, Mark and Marie.
- Mark has grown into a responsible married man with two children who will soon be entering college.
- Marie has battled substance abuse and spends her money at a frenzied pace.
- Mike and Mary have accumulated a sizeable amount of assets and would like to provide a nest egg for Mark and a college education for their grandchildren.
- They also want to provide Marie with a stable source of income that she cannot waste.
- They have heard about trusts, but are concerned about losing control of their assets while they are still alive.

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**“Let our advance worrying become advance
thinking and planning.”**

~ Winston Churchill