

Test Your Estate Planning Knowledge

Estate plans aren't just for the rich and famous. If you own any assets, it's important to develop an estate plan to ensure they are distributed according to your wishes. Take this quiz to see how much you know (find answers on page 4).

1. A Will is required to:

- a. Name guardians for your minor children.
- b. Pass along real estate.
- c. Determine who gets your life insurance proceeds.

2. In order for a Will to be legally binding, it must be:

- a. Drawn up by an attorney.
- b. Signed and witnessed.
- c. Registered in your state.

3. If you leave your retirement plan to your son in your Will, but your daughter is the beneficiary of record with your employer, who inherits the account balance upon your death?

- a. Your son.
- b. Your daughter.
- c. It's split between the two.

4. What is the total amount of assets that you can leave to your spouse without triggering estate taxes?

- a. \$1 million.
- b. \$3 million.
- c. Unlimited.

5. What is the estate tax exclusion amount for 2009?

- a. \$3.5 million.
- b. \$5 million.
- c. There is no estate tax in 2009.

6. In order to assure that your wishes regarding your medical care are followed if you are incapacitated, you should:

- a. Include instructions in your Will.
- b. Complete advance directives.
- c. Tell your doctor.

7. What are some of the advantages of a trust as an estate planning tool?

- a. Avoids probate.
- b. In some cases, can minimize or eliminate estate taxes.
- c. Both a and b.

We'll Help You Get a Passing Grade

The Bay Trust professionals can work with your attorney to help you craft an appropriate estate planning strategy.



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Test Your Estate Planning Knowledge Answers

1. **a)** You need a Will to name guardians for your minor children. You may also use your Will to name beneficiaries for your property, but it is not necessary if the property is titled properly. Life insurance proceeds go to the named beneficiary on the policy, regardless of the contents of the Will.
2. **b)** You do not need an attorney to draw up your Will. You can do it yourself or with the aid of online software. However, if you have a complicated estate or significant assets, it may be wise to enlist a professional. Wills do not need to be registered. Once your Will is signed and witnessed (your state may have specific rules about who can witness the Will), simply keep a copy in a safe and accessible place. You may also want to give copies to your executor (personal representative) and attorney.
3. **b)** Beneficiary designations on retirement plans, annuities and life insurance policies supersede Will instructions, so it is important to make sure that your documents are consistent and reflect your current wishes.
4. **c)** You can leave an unlimited amount to your spouse as long as he or she is a U.S. citizen.

5. **a)** The estate tax exclusion in 2009 is \$3.5 million. Estate taxes will be repealed in 2010. However, unless new legislation is passed, estate taxes will be reinstated in 2011 with an exclusion of \$1 million.

6. **b)** It's too late to include wishes for medical care in your Will, since your Will goes into effect only after your death. To ensure that you receive the kind of care you want, complete a living Will and a health care power of attorney. State-specific forms generally are available free from your state's department of aging, your doctor or your local hospital.

7. **c)** A trust can allow you to pass along assets without going through probate (the legal process of proving a Will, which can be lengthy and expensive). Depending on the type of trust, you may also be able to minimize estate taxes, control the disbursement of assets to beneficiaries and even draw income from the trust while you are alive.

Your score:

6-7 correct > You're an estate planning whiz!

4-5 correct > You may want to review your estate plan and beneficiary designations soon.

3 or fewer > Meet with an estate planning professional today.

