

Estate planning: How to model a Revocable Living Trust

If the purpose of your living trust is to remove assets from probate expenses, use one of the following two methods to enter the trust:

Method 1: To exclude *all* assets from probate

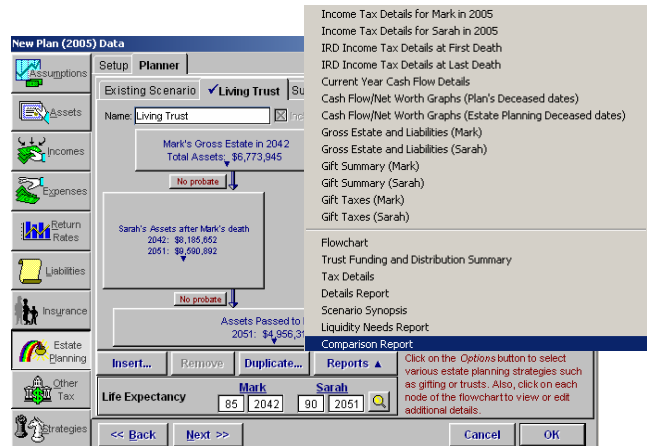
1. Go to the **Data** menu, and then select **Estate Planning – Planner**. Click **Duplicate**. The *Estate Planning Scenario Setup* dialog box opens where you can create a duplicate estate planning scenario.
2. Select the **Will Exists** check box.
3. Select the **Living Trust** check box.

The screenshot shows a dialog box titled "Estate Planning Scenario Setup". It has a "General" tab selected. The "Name" field contains "Living Trust". Below it is a large empty "Description" text area. Under the "Estate Planning Tools" section, there are several checkboxes: "Will Exists" (checked), "Living Trust" (checked), "Other Marital Trusts (QTIPs, Marital Trusts)", "Charitable Trusts (CRATs, CRUTs, CLATs, CLUTs)", "Irrevocable Trusts (ILITs, GRATs, GRUTs, QPRTs)", "Family Limited Partnerships", and "Testamentary Trusts (Generic Testamentary Trusts)". At the bottom, there are "Cancel" and "OK" buttons. A red text note at the bottom of the dialog box reads: "For more information about each of these estate planning tools, consult the online help."

4. Click **OK**.

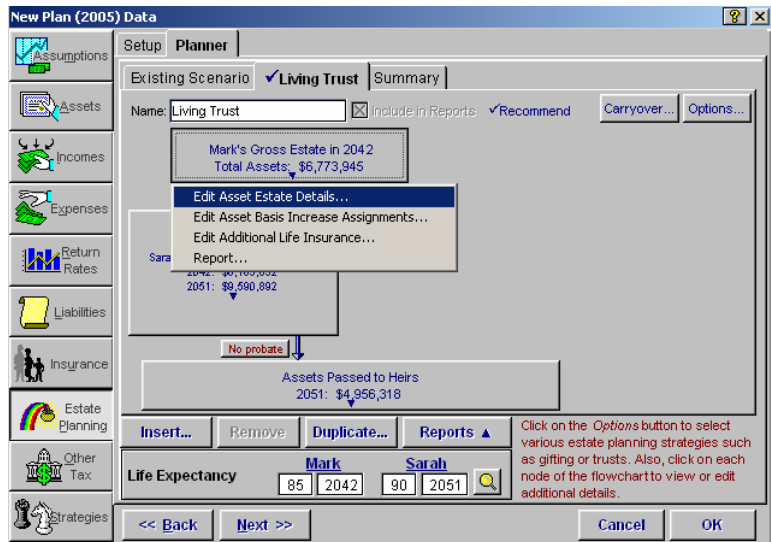
The red text on the *Estate Planning – Planner* flowchart now reads *No probate*, which indicates that all assets are excluded from probate.

If you want to view the difference in projected probate fees, you can generate an *Estate Planning Detailed Comparison* report by clicking the *Reports* button, and then selecting *Comparison Report*.



Method 2: To exclude only specific assets from probate

1. Go to the **Data** menu, and then select **Estate Planning – Planner**. Click the first node, and then select **Edit Asset Estate Details**.



- The *Asset Estate Details* dialog box opens. Remove the **X** from the *Probate* column on the *Non-Qualified* or *Qualified & Annuities* tabs to indicate that probate fees do not apply. Click **OK**.

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Asset Estate Details

To retitle an asset, select a new owner. Ownership changes are reflected immediately across the plan for the Proposed scenario. For all other scenarios, ownership changes are reflected when the estate planning reports are generated, and apply only to the selected scenario.
 Selecting *Multigenerational* sets Income in Respect of a Decedent (IRD) taxes to zero.
 For more information on Probate and Admin fees, refer to the Help.

Non-Qualified | **Qualified & Annuities**

Asset Name	Market Value	New Owner	Probate	Admin Fees
123 Home Lane (Joint/Lifestyle)	\$1,100,000.00		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
246 Vacation Lane (Mark/Lifestyle)	\$2,200,000.00		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ABC Muntual Fund (Mark/Non-Qualified)	\$100,000.00		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Art Collection (Mark/Lifestyle)	\$200,000.00		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mutual Fund (Mark/Non-Qualified)	\$300,000.00		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Cancel OK

Asset Estate Details

To retitle an asset, select a new owner. Ownership changes are reflected immediately across the plan for the Proposed scenario. For all other scenarios, ownership changes are reflected when the estate planning reports are generated, and apply only to the selected scenario.
 Selecting *Multigenerational* sets Income in Respect of a Decedent (IRD) taxes to zero.
 For more information on Probate and Admin fees, refer to the Help.

Non-Qualified | **Qualified & Annuities**

Asset Name	Market Value	Probate	Admin Fees	Primary Beneficiary	Contingent Beneficiary	Multi-generational
Mutual Fund (Mark/403(b))	\$200,000.00	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Sarah	Estate	<input type="checkbox"/>
Mutual Fund (Sarah/401(k))	\$300,000.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Mark	Estate	<input type="checkbox"/>

Cancel OK

6. Click the **Reports** button, and then select **Comparison Report** to view a report that shows the decrease in probate fees. Formatted: Bullets and Numbering

The screenshot shows the NaviPlan software interface. On the left is a vertical toolbar with icons for Assumptions, Assets, Incomes, Expenses, Return Rates, Liabilities, Insurance, Estate Planning, Other Tax, and Strategies. The main window is titled 'New Plan (2005) Data' and has tabs for 'Setup' and 'Planner'. The 'Planner' tab is active, showing an 'Existing Scenario' of 'Living Trust'. Below this, there are three summary boxes: 'Mark's Gross Estate in 2042 Total Assets: \$6,773,945', 'Sarah's Assets after Mark's death' (2042: \$8,185,652; 2051: \$9,590,892), and 'Assets Passed to' (2051: \$4,956,311). At the bottom of the main window, there are buttons for 'Insert...', 'Remove', 'Duplicate...', and 'Reports'. The 'Reports' menu is open, listing various reports such as 'Income Tax Details for Mark in 2005', 'Flowchart', and 'Comparison Report'. The 'Comparison Report' option is highlighted in blue. Below the 'Reports' menu, there are 'Life Expectancy' fields for 'Mark' (85, 2042, 90, 2051) and 'Sarah', and 'Cancel' and 'OK' buttons.