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Creating Your Estate Plan











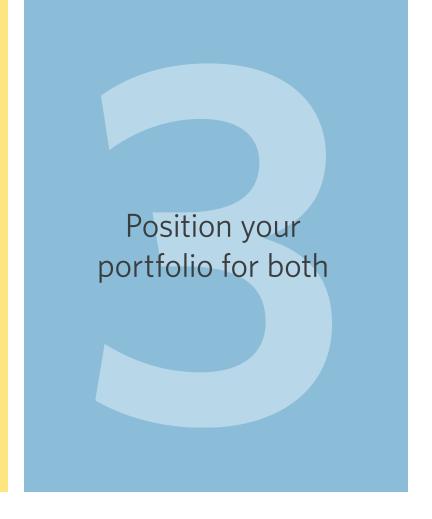
What are the key steps to achieving your financial goals?



Three key portfolio concerns

Plan for the expected

Prepare for the unexpected



A team approach







Your Edward Jones financial advisor

Estate-planning attorney

Qualified tax professional

Edward Jones, its employees and financial advisors are not estate planners and cannot provide tax or legal advice. You should consult with a qualified tax specialist or legal advisor for professional advice on your situation.

Estate goals

- Asset transfer
- Incapacity protection
- Guardian for minors or dependents
- Charitable intent
- Tax planning
- Business succession



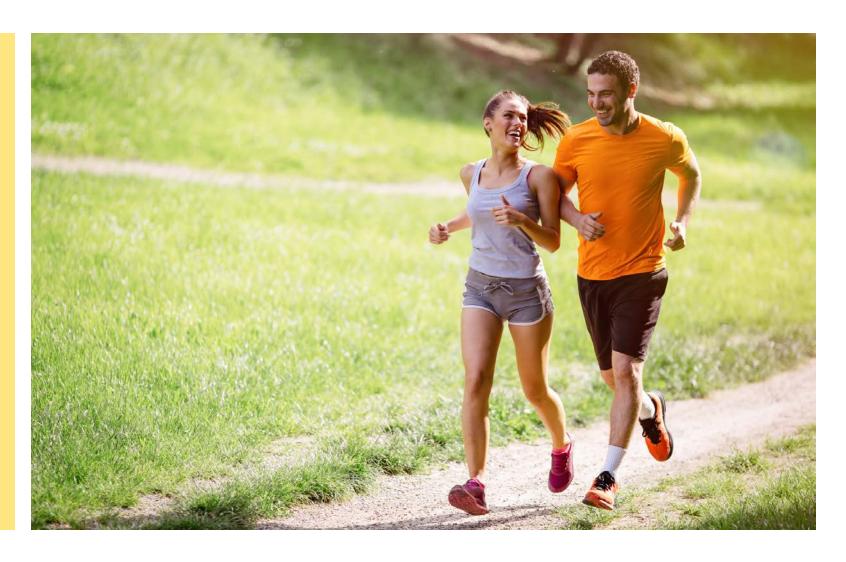
Overview

O1 Account registration & beneficiary designation
O2 What is a will?
O3 What is a trust?
O4 Important tax information
O5 Life insurance
O6 Transfer on death

Account registration & beneficiary designation

Account registration

- Investments
- Bank accounts
- Retirement accounts
- Insurance policies
- Pension
- Property



Beneficiary designation

Accounts that designate a beneficiary are not controlled by a will or trust

Ensure current information on all:

Life insurance policies and annuities

Retirement accounts

Other investment and banking accounts

What is a will?

What is a will?

- Legal document that governs the distribution of assets in your name
- Determines who gets what assets when you die



Don't have a will when you die?

Your estate goes into probate court

Assets without a beneficiary designation will be distributed according to the laws of your state

Role of executor

- Establish validity of the will
- Collect assets of the estate
- File tax returns
- Distribute assets to trustees and other beneficiaries
- Pay final expenses and taxes



Probate

A judge determines whether the will is valid

Was it properly executed?

Has it been revoked prior to your death?

The judge signs a court order granting power to the executor

Important documents

- Durable power of attorney
- Health care power of attorney
- Living will



What is a trust?

What is a trust?



A legal arrangement in which an individual gives control of property to a person or institution (the trustee) for the benefit of beneficiaries

What can a trust do?



- Provide for a child with special needs
- Restrict inheritances
- Provide tax benefits

Role of a trustee

Establish and implement an investment strategy for the trust's assets

Record keeping and providing accountings to beneficiaries

Pay trust expenses

Make distributions to beneficiaries according to the terms of the trust

Considerations when naming a trustee



- Experience in managing financial affairs
- Fair and unbiased
- Willing to devote time and energy

Professional trustee considerations

Does the institution offer an experienced staff of attorneys, accountants and trust administrators?

Does it have a written investment philosophy that matches yours?

Will it provide ongoing communication and be accessible for questions?

Will you receive written monthly reports?

Revocable living trust

Created while you're alive

Can be changed or revoked at any time

Becomes irrevocable at your death

Determines who gets what when you die

Revocable living trust benefits

Provides financial instructions during incapacity

Names trustees to manage trust assets

Avoids probate

Provides privacy

Testamentary trust

Created using your will

Becomes effective at your death

Subject to probate process

Important tax information

Nonmarital transfers



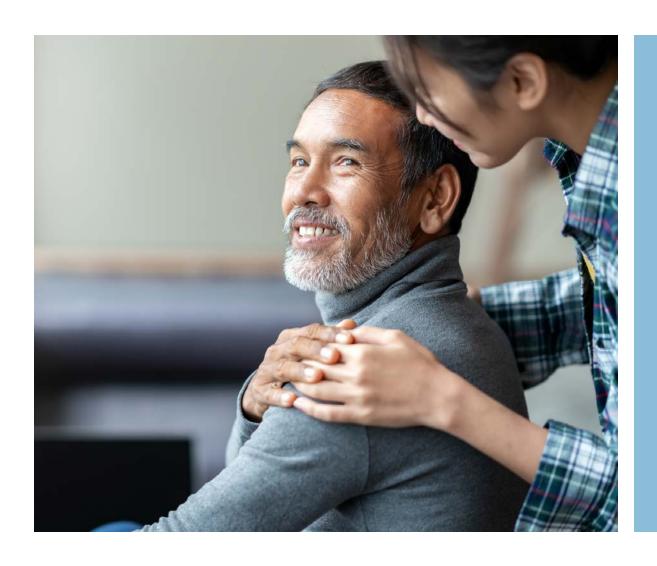
- When you die, your estate must pay your estate taxes
- Estate tax exemption
- Tax rate after exemption

Marital transfers



- Unlimited deduction for transfers between spouses
- No estate taxes due on first spouse's death
- Assets included in estate of surviving spouse

Credit shelter trust



- Created upon death of first spouse and funded up to the amount of the federal estate tax exemption
- Any remaining assets can pass to the surviving spouse without being taxed due to the marital deduction

Credit shelter trust benefits

Can help reduce or eliminate estate taxes

Can provide income to surviving spouse

After surviving spouse's death, trust assets pass to beneficiaries

Portability

- Surviving spouse can retain the deceased spouse's unused exemption amount
- Dollars passed by portability are not protected from generationskipping tax

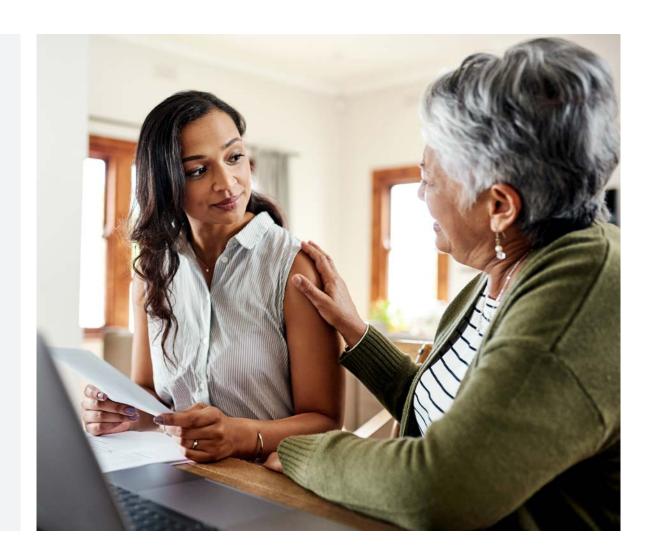


QTIP marital trust qualifies for estate tax marital deduction

Surviving spouse receives income from trust assets

- Principal distributions may be allowed
- Unlimited marital deduction may apply

When surviving spouse dies, trust assets pass to beneficiaries



Irrevocable life insurance trust



- Specifically designed to hold life insurance
- Proceeds not included in estate at death

Life insurance

Life insurance

Replaces your income for dependents

Offsets expenses, such as estate taxes, attorney fees and debts, that your estate may owe when you die

Provides immediate source of funds for beneficiaries

Protects a family business from liquidation when you die

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Life insurance types



- Term
- Permanent

Term life insurance

Protects survivors against financial hardship

Death benefits to heirs are free from federal income tax

Less expensive than permanent while offering 15–20 years of protection

Can be converted

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Permanent life insurance

Entire lifetime coverage

Earnings are tax-deferred

Loans are generally tax-free

Death benefits to heirs are free of federal income tax

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Transfer on death

Additional estate-planning tool

Transfer on death



Transfer on death

- Can reduce time to transfer certain investments
- Avoids probate
- Allows financial services firm to transfer account assets
- Does not apply to real estate, personal property or assets that have a beneficiary
- May be modified or revoked during lifetime
- May include relatives, friends, charities or trusts
- Supersedes will or trust for asset in that account

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Any questions?

Please be sure to complete your seminar evaluation form.

