



51A Middle Street Newburyport MA 01950

Phone: 800-588-7039

contact@bhfe.com

www.bhfe.com

Course Information

Course Title: *Estate Planning Fundamentals*

#360424

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the CFP Board, the IDFA, the IWI, and the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CFP®: 4.5 CFP Board of Standards Sponsor ID Number: 1008.

CDFA®: 6 Registered with the Institute for Divorce Financial Analysts.

CIMA®, CPWA®, RMA®: 6 Course # 24BCNHF006, IWI CE Sponsor ID# 222740.

CPA: 6 Accepted in all states.

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE.51 PSR

Pennsylvania Board of Accountancy: PX 178025

Texas State Board of Accountancy: 009349

Course Description

There are many options for estate planning that can minimize taxes, while ensuring that assets are distributed in accordance with your specific wishes. These options are covered in detail in the *Estate Planning Fundamentals* course. It covers the essentials of wills, probate, living trusts, the pay-on-death option, gift taxes and estate taxes, as well as planning for personal incapacity and much more.

Course Content

Publication/Revision date: 9/3/2024.

Author: Steven M. Bragg, CPA.

Final exam (online): Thirty questions (multiple-choice).

Program Delivery Method: Self-Study (NASBA QAS)

Subject Codes/Field of Study

NASBA (CPA): Specialized Knowledge; CFP Board: Estate Planning; IDFA: Financial Planning; IWI: Wealth Management.

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: None

Instructions for Taking This Course

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- **You must complete this course within one year** of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- A passing grade of at least **70% is required on the exam** for this course.
- You will have **three attempts to pass the exam** (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Identify the issues that can impact your estate planning goals.
- Specify the types of liquid assets.
- Describe the clauses that can be included in a will.
- Identify how the disinheritance concept is used.
- Specify the rules associated with a 529 plan.
- Identify the requirements for the creation of a will.
- Recall the steps involved in the probate process.
- Specify when the probate process can be useful.
- Describe the structure and contents of a living trust.
- Specify how a joint tenancy arrangement works.
- Specify the problems with a joint tenancy arrangement.
- Recall the advantages of the pay-on-death option.
- Recall the best circumstances for purchasing life insurance.
- Identify the different types of life insurance policies.
- Recall the characteristics of the different types of IRA.
- Recall how an estate is valued for estate tax purposes.
- Specify the types of transactions that can trigger a gift tax.
- Identify the rules relating to the gift tax exclusion.
- Recall the nature of a present interest.
- Specify the uses to which the different types of trusts can be put.
- Identify the circumstances under which you might disclaim an inheritance.
- Recall the IRS rules for including a family member in a family partnership.
- Specify what triggers a springing power of attorney.
- Identify the nature of any reports that a trustee might need to send to beneficiaries.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 300 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*. He has also written the science fiction novel *Under an Autumn Sun*, first book in *The Auditors* trilogy.

Copyright © 2024 by AccountingTools, Inc. All rights reserved.

Published by AccountingTools, Inc., Centennial, Colorado.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the Publisher. Requests to the Publisher for permission should be addressed to Steven M. Bragg, 6727 E. Fremont Place, Centennial, CO 80112.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

Table of Contents

Chapter 1 - Your Estate Planning Goals	1
Introduction	1
Issues Impacting Estate Planning	1
Property Ownership Rules.....	2
Community Property Law Issues.....	3
Common Property Law Issues.....	4
Itemizing Your Property.....	4
Liquid Assets.....	6
Digital Assets.....	6
Other Personal Property.....	6
Real Estate.....	7
Business Property.....	7
Liabilities.....	7
Net Worth.....	7
Summary.....	7
Review Questions.....	8
Chapter 2 - Beneficiary Issues	9
Introduction	9
Types of Beneficiaries.....	9
The Survivorship Period Clause.....	10
The No-Contest Clause.....	11
The Simultaneous Death Clause.....	11
Explanations for Beneficiaries.....	11
Disinheritance.....	11
Summary.....	12
Review Questions.....	13
Chapter 3 - Children Issues	14
Introduction	14
Assigning Responsibility for Raising Your Child.....	14
Property Management Options.....	15
Custodianship.....	15
Child's Trust.....	15
Family Pot Trust.....	16
Property Guardian.....	16
Educational Investment Plans.....	17
Children as Life Insurance Beneficiaries.....	17
Children Conceived After Your Death.....	18
Leaving Property to Other Children.....	18
Summary.....	18
Review Questions.....	19
Chapter 4 - Essentials of Wills.....	20
Introduction	20
The Need for a Will.....	20
Requirements for a Will.....	21
Types of Wills.....	21
Explanatory Documentation.....	22
Property Not Transferred Through a Will.....	22
Special Considerations.....	22
The Success of Challenges to Your Will.....	22
Summary.....	23
Review Questions.....	24

Chapter 5 - Probate Issues	25
Introduction	25
What is Probate?.....	25
When to Use Probate	25
The Cost of Probate	26
Avoiding Probate.....	26
Summary.....	27
Review Questions.....	28
Chapter 6 - Essentials of Living Trusts	29
Introduction	29
Advantages of a Living Trust	29
When to Use a Living Trust (or Not).....	30
How Does a Living Trust Work?.....	30
Living Trust Decisions	30
Creating the Trust Document.....	32
Updating the Trust Document	33
Summary.....	33
Review Questions.....	34
Chapter 7 - Types of Tenancy.....	35
Introduction	35
Essentials of Joint Tenancy	35
Joint Tenancy Bank Accounts	36
Joint Tenancy Safe Deposit Boxes	37
Essentials of Tenancy by the Entirety.....	37
Advantages of Joint Tenancies	37
Disadvantages of Joint Tenancies.....	38
Tenancy Tax Issues	39
Summary.....	40
Review Questions.....	41
Chapter 8 - The Pay-on-Death Option.....	42
Introduction	42
The Pay-on-Death Option.....	42
Summary.....	43
Review Questions.....	44
Chapter 9 - Life Insurance Options	45
Introduction	45
When to Use Life Insurance	45
Varieties of Life Insurance	46
Transferring Policy Ownership.....	47
Summary.....	48
Review Questions.....	49
Chapter 10 - Retirement Plans	50
Introduction	50
Social Security Benefits.....	50
Individual Retirement Accounts	50
Roth IRA	51
IRA and Roth IRA Comparison	51
Rollover IRA	51
Savings Incentive Match Plan for Employees (SIMPLE).....	52
Simplified Employee Pension (SEP) IRA	52
Rollover Options.....	52
Required Minimum Distributions	53
Qualified Charitable Distributions.....	55
Defined Contribution Plan.....	56
Summary.....	57

Review Questions	58
Chapter 11 - Estate Taxes	59
Introduction	59
Estate Tax Exemptions	59
Estate Valuation.....	60
Paying the Estate Tax	60
Related State Taxes	60
Summary.....	61
Review Questions	62
Chapter 12 - Gift Taxes	63
Introduction	63
The Gift Tax	63
Who Pays Gift Tax	64
The Gift Tax Exclusion	64
The Annual Exclusion	64
The Lifetime Exclusion	65
The Value of a Gift.....	65
The Present Interest Concept.....	66
Gift Tax Minimization Strategies	66
Gift Splitting	67
Gift in Trust – General.....	67
Gift in Trust – Crummey Trust.....	67
Gifts to Minors.....	67
Gifts that Appreciate in Value	68
IRS Form 709	69
Summary.....	69
Review Questions	70
Chapter 13 - Trust Concepts	71
Introduction	71
Continuing Trusts	71
AB Disclaimer Trusts	72
QTIP Trusts	73
Charitable Trusts.....	74
Generation-Skipping Trusts.....	77
Irrevocable Life Insurance Trust.....	77
Spendthrift Trust.....	78
The Power of Appointment	78
Summary.....	78
Review Questions	79
Chapter 14 - Disclaimer Options.....	80
Introduction	80
Disclaimer Rules.....	80
Summary.....	81
Review Questions	82
Chapter 15 - Estate Planning for a Business	83
Introduction	83
Planning for Management of the Business	83
Estate Tax Reduction Tactics	84
Probate Avoidance.....	84
Family Partnerships	85
Summary.....	85
Review Questions	86
Chapter 16 - Planning for Personal Incapacity.....	87
Introduction	87

Planning for Personal Incapacity	87
Health Care Directives.....	87
Your Health Care Agent.....	89
Summary.....	89
Review Questions.....	90
Chapter 17 - Actions to Take Following a Death.....	91
Introduction	91
When the Decedent Had a Will	91
When the Decedent Had a Living Trust	91
When the Decedent Had an Ongoing Trust.....	92
Multiple Trustee Situations.....	92
Tax Return Obligations	92
Reports to Beneficiaries.....	93
Obtaining Joint Tenancy Title	93
Collecting on Life Insurance Policies.....	93
Review Questions.....	94
Answers to Chapter Questions	95
Glossary	102
Index	105