

Estate Planning Terms to Know

If you are in the process of estate planning, you might come across some terms that are unfamiliar. Here are the most basic terms and a simple definition:

- **Will:** A will is a written document which leaves the estate of the person who signed the will to named persons or entities. A will usually names an executor to manage the estate, states the authority and obligations of the executor in the management and distribution of the estate, sometimes gives funeral and/or burial instructions and nominates guardians of minor children.
- **Testator:** Testator describes a person who has written a will which is in effect at the time of his/her death.
- **Codicil:** A Codicil is a written amendment to a person's will that modifies the terms of the original will. The codicil must be dated, signed and witnessed just as a will would be, and must make some reference to the will it amends.
- **Power of Attorney:** A power of attorney is a written document signed by a person giving another person the power to act in conducting the signer's business, including signing papers, checks, title documents, contracts, handling bank accounts and other activities in the name of the person granting the power.
- **Living Will:** A "living will," also called "a durable power of attorney," it is a document authorized by statutes in all states in which a person appoints someone as his/her proxy or representative to make decisions on maintaining extraordinary life-support if the person becomes too ill, is in a coma or is certain to die.
- **Trust:** A trust is an entity created to hold assets for the benefit of certain persons or entities. A trust may take the place of a will and avoid probate by providing for distribution of all assets originally owned by the trustors upon their death
- **Beneficiary:** A beneficiary is any person or entity (like a charity) who is to receive assets or profits from an estate, a trust, or an insurance policy.
- **Executor:** The person appointed to administer the estate of a person who has died leaving a will which nominates that person. The executor must insure that the person's desires expressed in the will are carried out. Practical responsibilities include gathering up and protecting the assets of the estate, obtaining information in regard to all beneficiaries named in the will and any other potential heirs, collecting and arranging for payment of debts of the estate, approving or disapproving creditor's claims, making sure estate taxes are calculated, forms filed and tax payments made, and in all ways assisting the attorney for the estate (which the executor can select).
- **Trustee:** a person or entity who holds the assets of a trustee for the benefit of the beneficiaries and manages the trust and its assets under the terms of the trust stated in the declaration of trust which created it.

- **Guardian:** A person who has been appointed to take care of a minor child or incompetent adult personally and/or manage that person's affairs. Naming someone in a will as guardian of one's child in case of the death of the parent is merely a nomination.
- **Agent:** A person who is authorized to act for another (the agent's principal) through employment, by contract or apparent authority.

Tags: Estate Planning, Wills, Trusts, Estates