Protecting tomorrow today

Estate planning for everyone

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Good morning/afternoon! Thank you for coming/joining today! We are here to talk about why it's important to have a plan for what happens after you're gone.

Pretty much everyone can benefit from having an estate plan. You don't have to be older, or rich.

Everyone has something to protect. Without some basics in place, you're really not prepared.

Disclosure

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One housekeeping item before we get started. Disclosures are an important part of any financial discussion or product. They are designed to protect your interests. So please give this a read.

The good news is that while this can be a complicated subject, today we will break it down into simple terms and talk about some key steps you can take.

Let me go over what we're going to cover today. Most importantly, we'll talk about why this matters. Why having an estate plan makes a great deal of sense.

Next**,** we'll talk about to get organized easily, which can help you lay the groundwork for your plan, and make it easier for your family.

We'll go through some basics such as important documents you want to have in place, such as a will, a power of attorney, and a health care proxy. We'll also get into some life insurance considerations, how to designate your beneficiaries, and even how to title your accounts at banks and other institutions.

Then we'll talk about how to create your own plan, and how you can integrate it into your overall financial plan with Voya.

important topic and I want to make sure you get your questions answered. Let’s jump in!

Let's try to have some fun with this…

In my role with Voya Financial, I am fortunate to speak with many people about their financial wellness and estate planning needs. Many of the conversations start something like this. **<<Read bullets>>**

Let's figure out together if that really is the case because there can be more to estate planning than initially meets the eye. By a show of hands…

CONSIDER ASKING AUDIENCE IF THEY WOULD LIKE TO SHARE THE STORY THEY HAVE HEARD

Why it matters

Think estate planning is only about the money and for the wealthy?

Think again…

When we talk about estate planning, we often run into this kind of thinking.

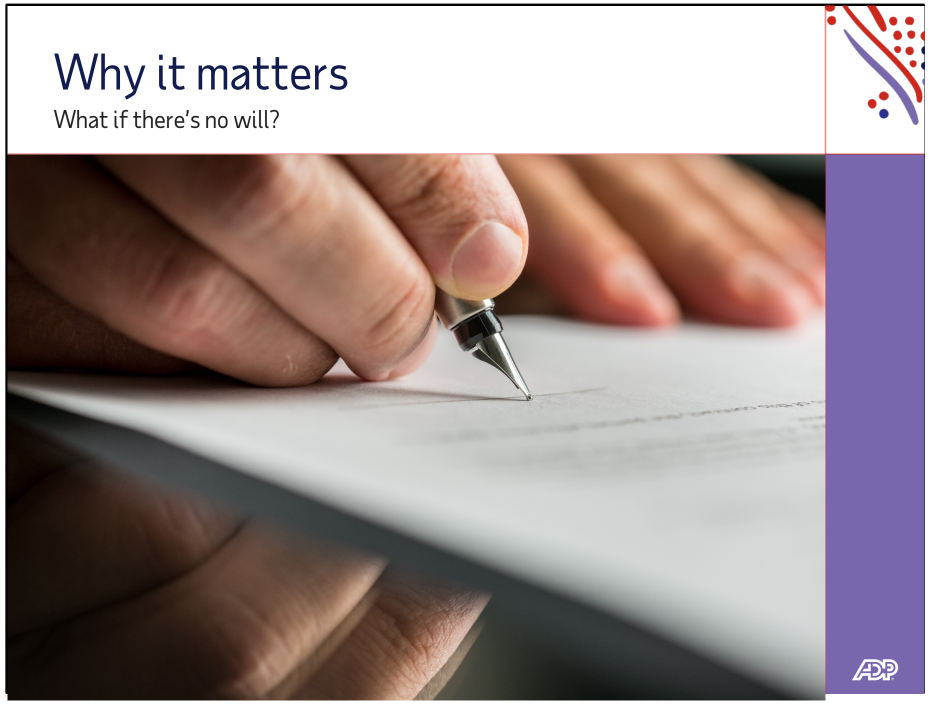
Think estate planning is only for the rich? Or for married couples or for older people? Not so. An “estate” is just a fancy word for the stuff that you own. What’s important to consider is ….what do you want to do with it? And how do you want to protect those you leave behind?

The truth is …. Almost everyone needs an estate plan. Everyone has something to protect. It’s not about picturing the worst. It’s about doing your best to protect what matters.

When you pass away … What will happen? Who will end up with your savings? Who will look after your children? How about if you have a blended family? What will happen to your house? Your pets?

Whether you are married or single, there may be things you own that you want to make sure go specifically to a certain person, or say, a specific charity.

The real question is: Don’t you want to have a say in what happens? If the answer is yes, then you need a plan.



What happens if you don't have a will? Who determines who gets what? Anyone know…or want to venture a guess?

Here are the most common answers:
your spouse…your parents…your attorney…your state.

If you die without a will, your state determines who gets your stuff. They are more than happy to make arrangements for everything you own!

You may chuckle, but this happens all the time. In fact, this is called "abandoned property". In other words it's property that came into the state's hands because there was no will!

If you die without a will, who decides what happens to your children? Anyone care to take a guess at this?

Is it your parents…your spouse [or former spouse]…family court…or your attorney?

The answer is…family court.

So it's important to name a guardian for your minor children in your will.

If you die without naming a guardian, the courts may appoint a family member whom you'd never have chosen…or even a stranger…to look after your minor children.

At the same time you appoint a guardian, you may want to consider establishing a trust to fund your children's care or for their college educations should you die before they're launched in life. An attorney can help you with this.

Why it matters

2 out of 3 adults don't have a will.

Source: Caring.com, https://www.caring.com/caregivers/estate-planning/wills-survey

Despite the COVID 19 Pandemic, 2 out of 3 adults still don't have a will. (Source: Caring.com 2021, https://www.caring.com/caregivers/estate-planning/wills-survey)

If you don't care about what happens once you pass away, it is not a good idea to fall into this camp!

Today, folks, we're saying you should be in the percentage of Americans who DO have a will.

Getting organized

Where are your records?

Are they in…	Considerations…
A safe deposit box? Lock box?	Box location? Key location?
A drawer, filing cabinet or shoebox?	Where is it kept?
On a computer?	Where are the passwords?

Now let's talk about how to get organized and make this a reality. It's always a good idea to get organized. That is really half the battle.

So let's get (real) basic. Where are your records. When you pass away, will your family know where your records are?

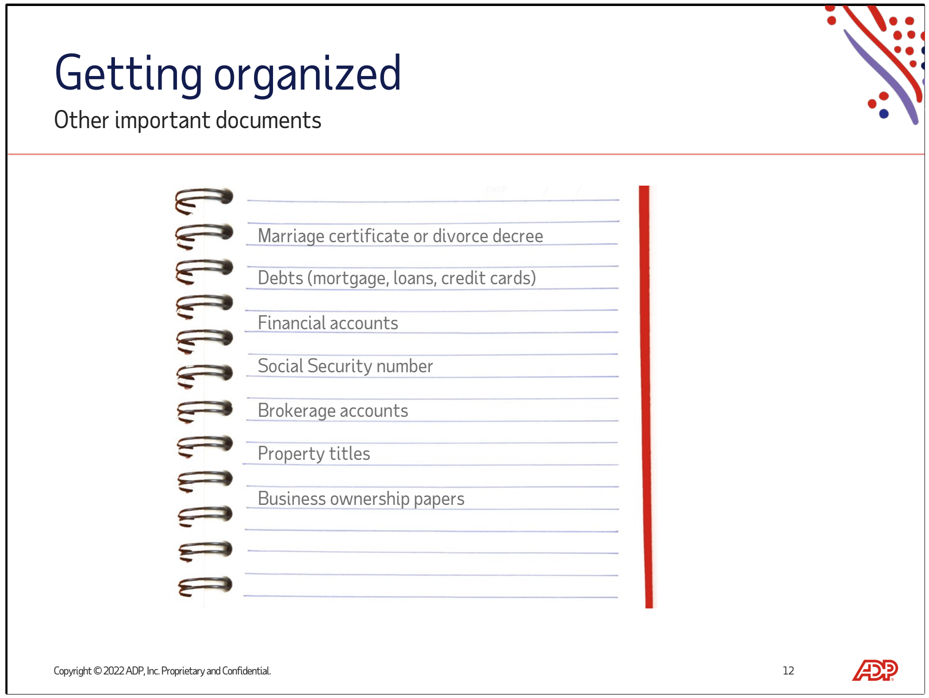
- In a safe deposit or lock box? If so, who has the key? Which bank?
- In a drawer, filing cabinet or shoebox? If so, where it is kept? Will your family know how to find it?
- On your computer? Where are the passwords?

Ask yourself: Do you feel like you're organized with your financial documents? Will someone know where everything is based on your system, or lack of one?

Speaking of computers, what about all your accounts, both paper accounts and digital assets?

Think about all the pieces of your financial life. Here are some examples, divided into two categories … your day to day, household stuff, and other financial stuff. Some you may keep track of manually, but many of these may be online accounts. When you think about it, much of our life is online today.

Make a list of all your providers such as your banks, your utility company, creditors, your 401(k) provider, brokerage, or life insurance company, etc. then document the account numbers. If you manage your accounts online, document your login information such as user names and passwords. Put everything in a safe place and tell a trusted person. Believe me, they will thank you!



Here are some of the important pieces of information that you should gather and put in a safe spot. While this list is not all-inclusive, it's a great start.

- Financial accounts such as investment, checking and savings accounts
- Your Social Security number
- Marriage certificates or divorce decrees
- Retirement plans such as a 401(k) and IRA
- Debt documents (mortgage, loans, credit cards)
- Life insurance policies
- Brokerage account information (such as Orange Money)
- Property titles
- Business ownership documents

Let's talk about the basics of an estate plan and considerations for each.

So, what is estate planning?

- Estate planning is the act of preparing a **written** and **accessible** set of instructions that ensures that your children and loved ones are cared for how you want them to be – pets can count, too
- Your financial **needs, wants and wishes** are honored during your lifetime, if you become disabled or after your death
- Your wealth and assets transition as seamlessly and efficiently as possible after your death

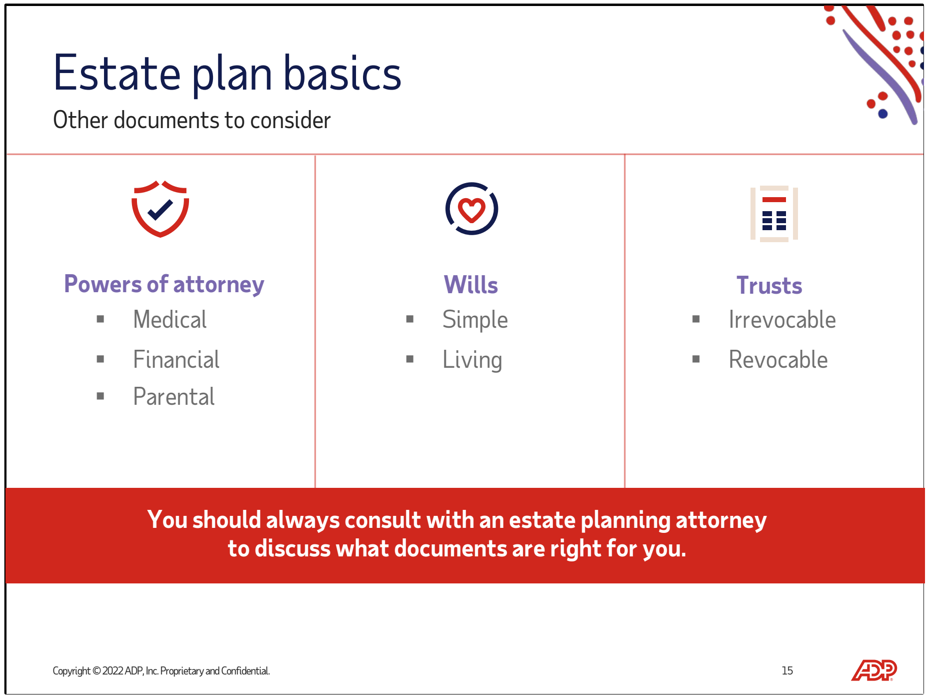
Assets, life insurance, pensions, real estate, cars, personal belongings and debts are all part of your estate.

Upon passing, a person's property is distributed by a variety of methods depending on the type of property and how it was owned. A will is a document that expresses your wishes for the distribution of property owned solely by you (that is not subject to a contract), who might take care of your family and handles the payment of final debts and expenses. If you have young children, your will can name a guardian for them.

What if you don't have one? This is known as dying "intestate," or without a will. As we mentioned, in that case, the state will decide who gets your estate.

But many people think that their assets will automatically go to the spouse if they are married, but that is not always the case. Don't you want to be the one to decide who inherits your savings?

Think of it this way. EVERYONE should consider having a will so those that you leave behind don't have to guess what you would have wanted or end up with the burden of cleaning up your affairs. It's an act of love and kindness to be organized about your distributed.



Let's talk a bit more about the various estate planning documents. Keep in mind, some of these include having documents prepared that apply while you're still alive, but unable to handle your own decisions. Who will speak for you when you can't? That is why stating your wishes in these types of documents is so important.

Powers of attorney - In general, a power of attorney (POA) is a legal document that allows you to appoint another person to take control of your affairs should you become unable to effectively do so. The person appointed becomes the agent, or Attorney-in-Fact, and the person who appoints is known as the principal. There are various types of powers of attorney and the one that you choose depends on the requirements of your current situation.

- **A medical power of attorney** – This document authorizes someone to make medical decisions on your behalf if you are unable to. It will tell your family and medical team what to do in the event of various unfortunate occurrences. Who will be your agent to speak for you if you can't? Be sure to discuss your wishes for life when granting someone this power. If you don't have a financial power of attorney and you become incapacitated, your relatives or other loved ones will have to ask a judge to name someone to manage your financial affairs.

- **A parental power of attorney -** Grants authority to another adult when a parent or guardian becomes ill or hospitalized, travels, or is otherwise unable to care for their child for a short period of time.

Other estate planning documents include wills and trusts.

Most people assume that their assets automatically get passed on to their spouse/partner, children or other family members. Not necessarily. A simple will is the one most people associate with the word “will.” It provides a basic list of instructions that tells the courts exactly how you want your estate settled. If you pass away without a will, your estate will be left to the courts, which could tie up your assets for a long time and diminish your estate with taxes that might have been avoided. And, most important, your estate may not be distributed according to your wishes.

A living will has nothing to do with distributing your property after your death. Instead, it allows you to choose what medical treatments you want to have if you become incapacitated. In a living will, you may also name someone to make decisions on your behalf. In some states, an advance healthcare directive combines a living will and a healthcare power of attorney or proxy, so it is crucial for you to understand your state’s laws on this issue.

Now we’ll touch on what a trust is. A trust is a fiduciary arrangement that allows another person, or trustee, to hold assets on behalf of beneficiaries. Trusts can be arranged in many ways and can specify exactly how and when the assets pass to the beneficiaries. Since trusts usually avoid probate, your beneficiaries may gain access to these assets more quickly than they might to assets that are transferred using a will. Assets in a trust may also be able to pass outside of probate, saving time, court fees, and potentially reducing estate taxes as well.

Types of Trusts

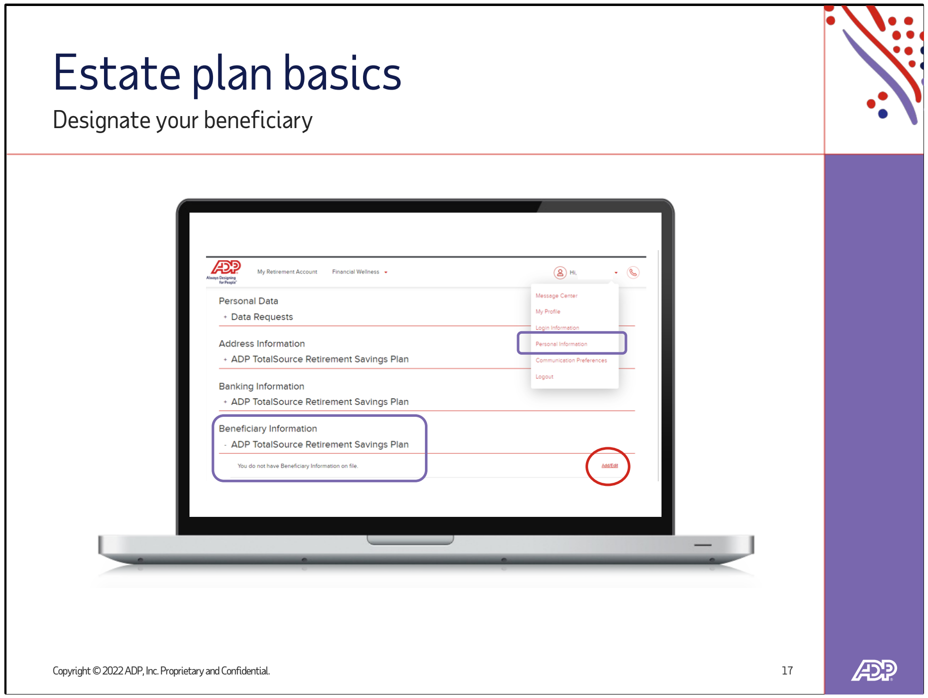
An irrevocable trust is one that cannot be terminated or revoked or otherwise modified or amended. It may not be considered part of the taxable estate, so fewer taxes may be due upon your death.

Now that you know what documents you need, but before you begin to take action on your estate plan, it's important to understand some key terms.

When you prepare a will, you will name an executor (in some states this is called a personal representative) who helps make important decisions about the distribution of your property. The person is responsible for carrying out your wishes, paying applicable taxes and handling other aspects of your estate. This should be someone that you feel you can trust to do right by you and is organized enough to see things through. Whether you choose a family member, friend or financial institution, be sure to discuss your decision at length with the person.

Next is the grantor. Simply put, the grantor is the person who creates and contributes property to a trust. Most likely, this will be you. This may also be known as a settlor – which is just another name for a grantor. It helps to remember that regardless of the name, anyone who creates a Trust is just taking advantage of their legal right to control their own property and assets. They can accomplish this by placing the death. Under the ADP TotalSource Retirement Savings Plan, you may choose to designate primary and contingent beneficiaries. A contingent beneficiary will receive the funds in the event that your primary beneficiary dies before you. If there are no surviving primary or contingent beneficiaries, death benefits will be paid according to the terms of the Plan. Also, if you are a married participant (or in a registered domestic partnership relationship), you are generally required to obtain spousal consent if you name a beneficiary other than your spouse (or domestic partner).

The last term to be familiar with is probate. In easiest-to-understand terms, probate is simply the legal procedure your estate goes through after you pass away. During this legal proceeding, a court will start the process of distributing your estate to the proper heirs. Probate is always easier if you have a will and/or Living Trust that clearly defines your wishes.



You probably filled out your online beneficiary designation when you enrolled in ADP TotalSource Retirement Savings Plan. But have things changed in your life? Is your original beneficiary designation still the right one for your present circumstances?

In fact, even if you have a will, did you know that **a beneficiary form trumps a will?** There have been stories of people who have passed away without updating their 401(k) beneficiary and the entire account went to their ex-spouse. The lesson here? Keep this updated. Do you know who is on your beneficiary form? Have you remarried? Had children?

For the ADP TotalSource Retirement Savings Plan, you may designate anyone (or more than one person) as your beneficiary. If you are married and want to name someone other than your spouse as your primary beneficiary, federal law requires your spouse's written, notarized consent; otherwise, your spouse will be the sole primary beneficiary.

Estate plan basics

Review how your assets are titled

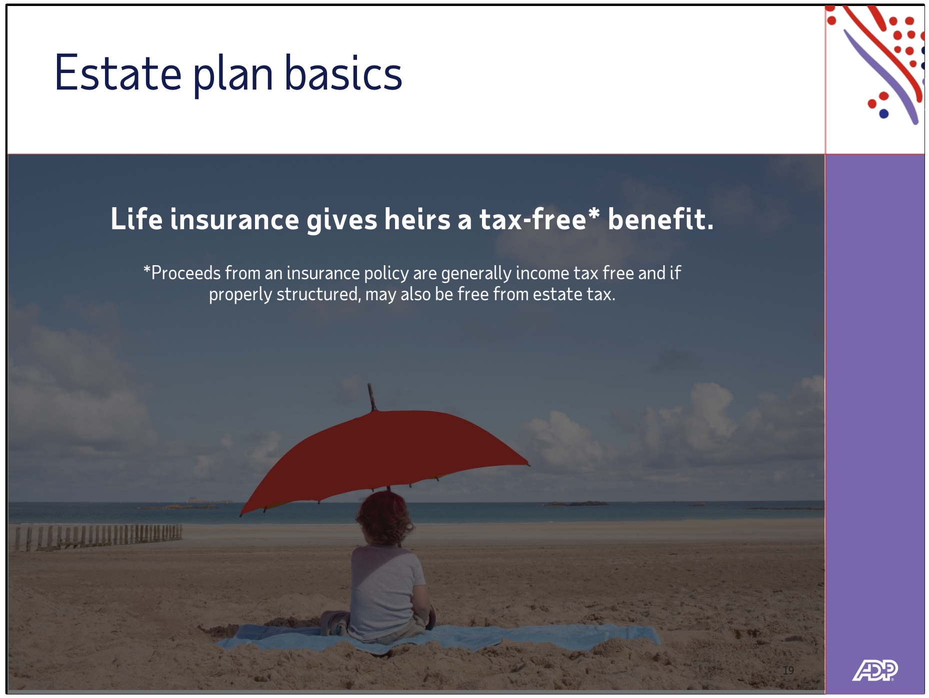
How account is titled	What this means	How it is passed on
Individual account	Account is in your name alone.	By will
Joint tenants with rights of survivorship	Each owns 100%.	To the surviving joint tenant(s)
Tenants in common	Each owner has a stated percentage.	Survivor owns their percentage; deceased's share are passed on by the terms of a will

Another basic is to review how your assets are titled. For example, you may have bank or brokerage accounts that may be individually owned, joint tenants with rights of survivorship or tenants in common. How you titled your account determines how it is passed on, as you can see in this chart.

On the left you see typical ways that banks will title accounts. An individual account is just that. It is in your name alone. How it is passed on depends on your will.

Joint tenants with rights of survivorship is often how a married couple may set up an account. Each owns 100%, and when one dies, ownership and control passes to the surviving joint tenant(s).

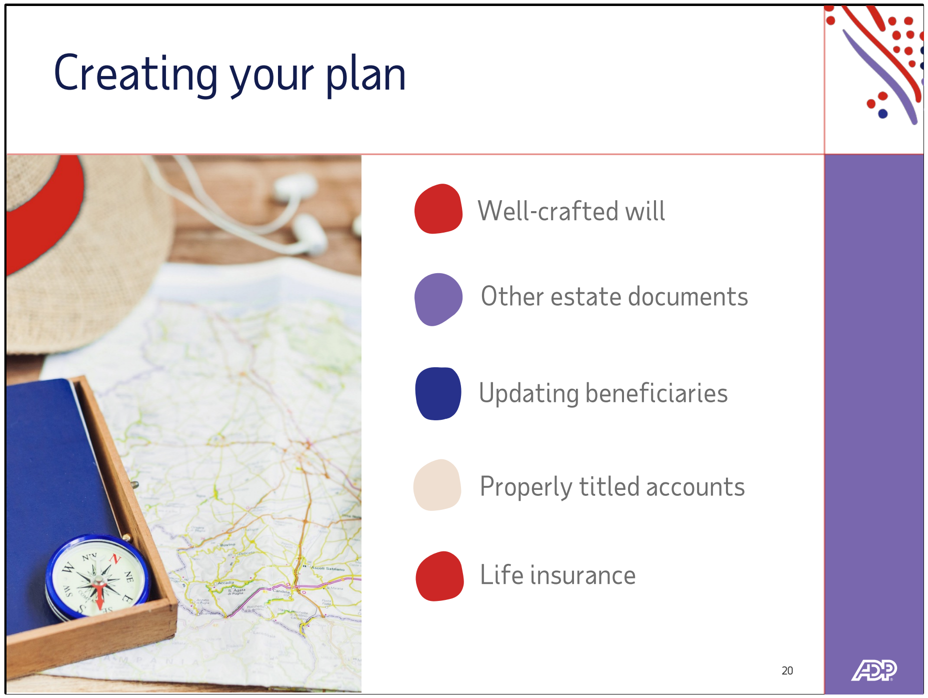
Tenants in common is usually based on a stated percentage of ownership when you open an account. For example a family of three brothers may have an account, and when one passes, survivors continue to own their stated percentage, and the deceased's share is passed on according to the terms of the deceased's will. So their



Another estate planning tool is life insurance. If structured properly, life insurance gives your heirs access to a tax free benefit. It can help them pay:

- Burial costs
- Settlement costs
- Unexpected expenses
- Estate taxes
- Ongoing family expenses

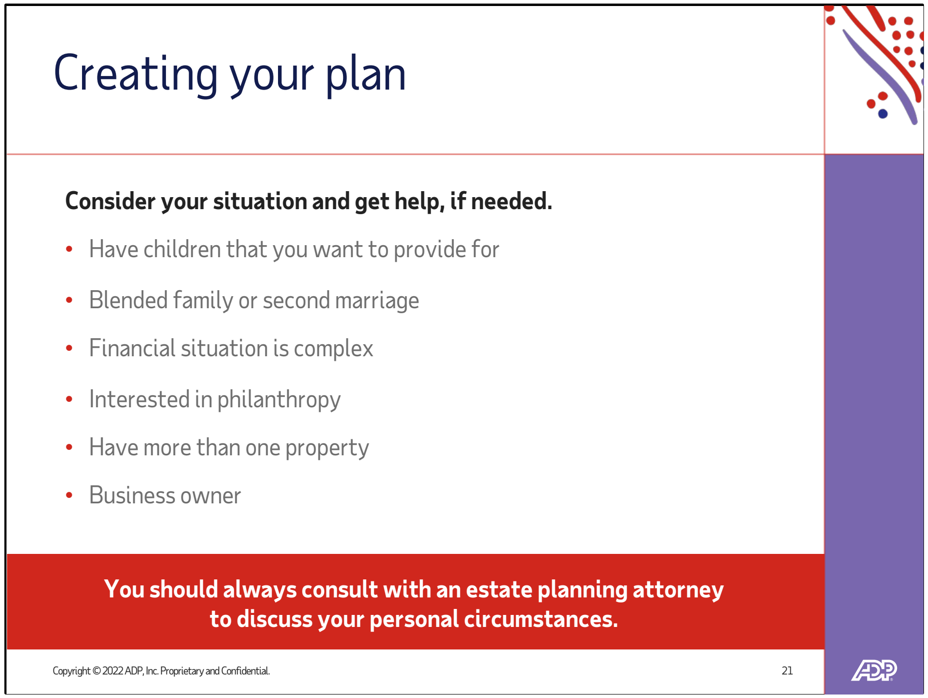
By the way, while you're thinking about life insurance, consider dependent life insurance if it's available to you. For example, if for some reason your son or daughter has college loans, and they pass away, you may end up with the debt, because you may have co-signed the loan. A dependent life insurance policy can help you settle this debt and prevent family bankruptcy. Or your child may also want to look into student loan protection insurance, which repays the loan under certain conditions if they default on their student loans.



Let’s recap what we’ve gone over so far…here are the basic tools you should consider using when setting up your estate plan.

Having these will help you put the plan in order…for your peace of mind today…and for the ease of your heirs tomorrow.

So there’s no time like the present – let’s talk about putting it into action.



How do you get started? It's important to consider whether you need professional advice, as this area can be complex.

You can find affordable help online at legal assistance websites. These types of sites offer do it yourself wills, tailored to your state laws. These sites also offer low-priced monthly legal assistance, and can help you set up a simple will and other estate documents.

If your situation is more involved, that's when it's smart to receive guidance from professionals. It's always a good idea to consult with an estate planning attorney to discuss exactly what you need based on your specific circumstances.

But here are some suggestions on what to consider if you have:

- Children that you want to provide for
- Blended family or second marriage

This is not an exhaustive list – there may be several other things involved where an attorney can advise you.

Creating your plan

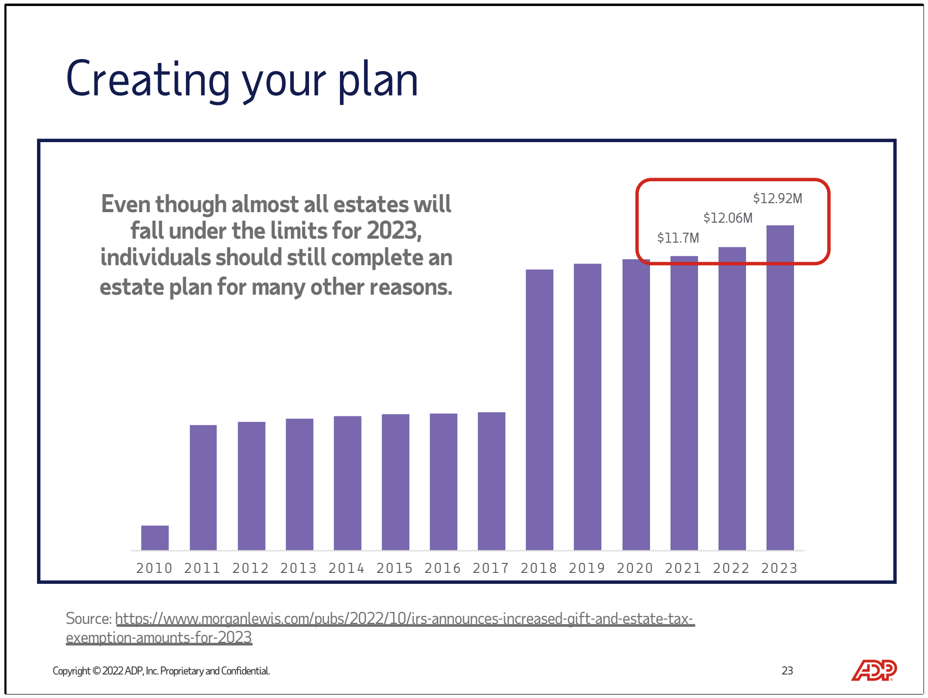
- Check your plan annually
- Keep it up to date
- Consider important life events

So you have your plan, now what?

Put an annual recurring reminder on your calendar to review your estate plan annually so you can make sure it's always up to date and accounts for anything new in your life, such as added or subtracted assets, accounts, new heirs or spouses. Other considerations include if you moved to a new state, inherited some money or you are experiencing health issues. Each of these situations may have an impact on your estate plan.

Most important? Keep up to date with your will as your life changes. That's because the choices you make today may not make sense a couple of years from now.

Remember, if you change your change your last will and testament don't forget to update beneficiary designations. It's critical to do both at the same time.



Now that's touch on taxes.

The estate and gift tax exemption is $12.92 million per individual up from $12.6 million in 2022 and $11.7 million in 2021. That means an individual can leave $12.92 million to heirs and pay no federal estate or gift tax, while a married couple will be able to shield $25.84 million.

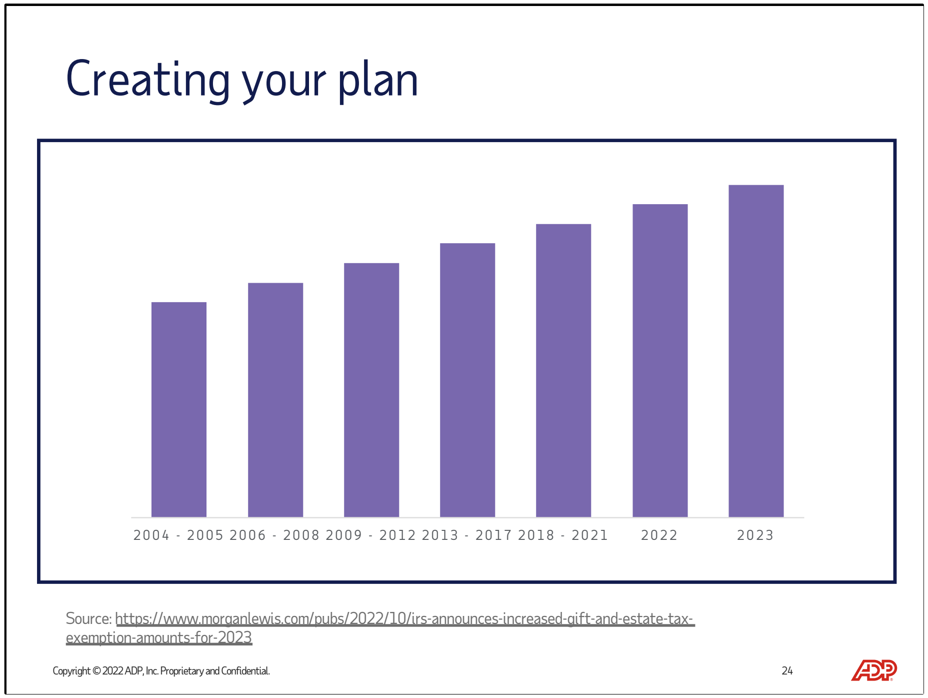
Even though almost all estates will fall under the limits for 2023, individuals should still complete an estate plan for many other reasons.

Additionally the chart illustrates that laws change over time and who's to say that won't occur again in the future.

It is always a good idea to consult a tax professional about estate planning taxation. While generally only the wealthy people pay estate tax (it is levied only on the portion of an estate's value that exceeds $12.92 million in 2023, you would be surprised at could be counted as part of your estate.

As you can see, it may not be as difficult as you thought to amass an estate worthy of taxation. Again, it is always a good idea to consult a tax professional about estate planning taxation.

Source: https://www.morganlewis.com/pubs/2022/10/irs-announces-increased-gift-and-estate-tax-exemption-amounts-for-2023



The 2023 annual gift exclusion amount increased to $17,000 for individuals and $34,000 for married couples. This tax exclusion allows you to give away up to $17,000 to as many people as you wish without those gifts counting against your $12.92 million lifetime exemption.

For those who may not need the resources, you may consider using things like a required minimum distributions to fund gifts, 529 and ABLE account contributions.

Source: https://www.morganlewis.com/pubs/2022/10/irs-announces-increased-gift-and-estate-tax-exemption-amounts-for-2023

Now is the time!

- Peace of mind
- Loved ones are taken care of

Now is the time to do this! When all is said and done, an estate plan will give you and your family a sense of empowerment and peace of mind, which can be priceless.

Questions?

Important notes

- This session was designed to provide you with fundamental information on retirement planning and to outline other sources of information to assist you in managing your personal finances
- This presentation does not constitute legal, investment or financial advice of any kind
- Please consult your own financial, legal and/or tax advisors for such advice

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