



Overview of basic estate planning documents

Creating a carefully designed estate plan that encompasses all assets and provides clear directions on how everything from prized possessions to health care decisions are to be handled usually requires creation of several coordinated documents, each serving a specific purpose. As you work with your estate planning attorney and tax advisor to design or update your estate plan, the following list of the most commonly used estate planning documents and the role each plays may help you understand the process.



Beneficiary designations — Distribution of life insurance, IRA, 401(k) and other retirement plan assets

The distribution of life insurance proceeds and assets from IRAs, 401(k)s, pension plans and other retirement plans is governed by beneficiary designations. You should review beneficiary designations for these assets periodically to make sure they work with your other estate planning documents in addressing your desired goals.

Will — Distribution of probate property, avoid intestacy, designate certain fiduciaries

Property disposition	
Probate property	A will directs how probate property — property owned at death as well as assets that are payable to the estate — is to be distributed. Non-probate property, such as joint property with the right of survivorship, passes automatically to the surviving joint tenant and is not governed by a will.
Intestacy laws	In the absence of a will, state intestacy laws determine who receives property. Under intestacy, it is likely that property will not pass to intended beneficiaries in the manner desired. In addition, intestacy may not use appropriate tax planning techniques, resulting in payment of estate tax that could have been avoided or deferred.
Fiduciary designations	Wills are often used to designate various fiduciaries.
Executors/ Personal representatives	Carry out the terms of the will, collect assets, file tax returns, and pay debts, administration expenses and taxes. They serve until estate administration is complete – typically two to three years.
Trustees	Administer any trusts created under the will. They are responsible for investing trust assets and making distributions in accordance with the terms of the trust. They serve for the duration of the trust.
Guardians	Care for minor children if there is no surviving parent. They serve until the child attains majority — typically at age 18.

Merrill Lynch makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), a registered broker-dealer and Member SIPC, and other subsidiaries of Bank of America Corporation (“BoFA Corp.”).

Investment, insurance and annuity products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
Are Not Deposits	Are Not Insured by Any Federal Government agency	Are Not a Condition to Any Banking Service or Activity

Trusts

Trusts	
Testamentary trusts	Are created under a will and do not take effect until after death when the will is admitted to probate. Examples include bypass trusts, marital deduction trusts, and continuing trusts for children or other descendants.
Lifetime trusts	Can be irrevocable or revocable.
Irrevocable lifetime trusts	Are typically used to make gifts during one's lifetime, often to remove assets and the appreciation on them from one's taxable estate (As of 2018, the lifetime gift tax exemption is \$11.12 million ¹).
Revocable lifetime trusts	<p>Are typically used to hold financial assets and direct how they are to be distributed upon the grantor's death.</p> <ul style="list-style-type: none">• They are typically structured to allow a trustee to manage the assets if the grantor becomes incapacitated.• Trust assets are not subject to probate at the grantor's death, which may be advantageous in states where the probate process is cumbersome or time-consuming.• They may provide greater privacy than a will.• They may require use of a Pour-Over Will to direct how probate property that has not been transferred to the revocable trust is to be distributed.

Power of attorney—Designating an agent to act on one's behalf

Power of attorney	<p>A power of attorney allows the principal to appoint one or more agents or attorneys-in-fact to act on his or her behalf in a variety of financial and legal matters.</p> <ul style="list-style-type: none">• Depending on the wishes of the principal, the powers granted may be broad or limited.• Typically, the broad powers include the ability to pay bills, make investment decisions and make decisions regarding real estate transactions and other legal matters.• The ability to make gifts can also be granted and may be useful for estate planning purposes. <p>A durable power of attorney remains in effect even if the principal subsequently becomes incompetent.</p> <ul style="list-style-type: none">• May avoid the need for a court-appointed guardian to manage a person's property.• Can serve as a simple substitute for a revocable trust, which can also provide for the management of property in the event of incapacity.• Terminates upon the principal's death.
--------------------------	---

Living Will and health care proxy—Conveying medical wishes and decision-making authority

Living Will	<p>A written statement that guides family members and health care providers when someone is incapable of communicating regarding the medical treatment they wish to receive—or reject—under stated circumstances.</p> <ul style="list-style-type: none">• Typically states conditions where certain extraordinary forms of medical care should not be administered.• Generally becomes effective when an individual is no longer able to express his or her own wishes.
Health care proxy or health care power of attorney	<p>Appoints a proxy or agent, often a spouse or adult child, to make health care decisions when someone becomes incapable of making or communicating decisions themselves.</p> <p>Living Wills and health care proxies are often used together with the agent carrying out the wishes expressed in the Living Will. The agent may also be authorized to make decisions on matters not specifically covered in the Living Will.</p>

¹Estimated as of February 1, 2018.

Merrill Lynch, U.S. Trust and their affiliates do not provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Trust and fiduciary services are provided by U.S. Trust, a division of Bank of America, N.A., Member FDIC. Insurance and annuity products are offered through Merrill Lynch Life Agency Inc., a licensed insurance agency. Bank of America, N.A., and Merrill Lynch Life Agency Inc. are wholly owned subsidiaries of BofA Corp.

MLPF&S and Bank of America, N.A., make available investment products sponsored, managed, distributed or provided by companies that are affiliates of BofA Corp.

©2018 Bank of America Corporation. | ARQXK9RB | SHEET-03-18-0752 | 04/2018

 To learn about Bank of America's environmental goals and initiatives, go to bankofamerica.com/environment.

 Leaf icon is a registered trademark of Bank of America Corporation.