Estate Planning & Living Trust Basics

Shiny Sage Financial

Family Protection · Financial Education · Legacy Planning

Protect what you've built. Make your wishes clear. Give your family a plan.

This beginner-friendly guide walks you through the essentials of wills, living trusts, beneficiaries, and the key steps to protect the people and things you love most. Whether you're just starting to think about estate planning or you're ready to organize your documents, this guide is your clear, approachable starting point.

This guide is for educational purposes only and does not constitute legal or tax advice. Estate-planning needs vary by person and state. Please consult a qualified attorney or financial professional for guidance specific to your situation.

What Is Estate Planning?

Estate planning is the process of deciding what should happen to your money, property, and other assets if you become incapacitated or after you pass away. It's not just about distributing wealth — it's about making sure the people you care about are protected, informed, and not left guessing during a difficult time.

An estate plan can address many important areas of your life and your family's future. Depending on your circumstances, your plan may cover some or all of the following:

Asset Distribution

Decide who receives your assets and how they should be managed or divided.

Decision-Making Authority

Name someone to make financial or medical decisions if you cannot.

Guardians for Children

Designate who will care for your minor children if something happens to you.

Clear Communication

Ensure your wishes are documented and your family knows how to navigate the process.

> **"Estate planning isn't just for wealthy people. It's about making a plan for the people and things you care about."**

Will vs. Living Trust

Both a will and a revocable living trust are foundational estate-planning tools — but they work differently and serve different purposes. Understanding the basics can help you decide which approach (or combination of both) may fit your situation.

Last Will & Testament

A will generally allows you to:

- Name beneficiaries to receive your assets
- Name guardians for minor children
- State how certain assets should be distributed
- Name an executor or personal representative

A will generally becomes effective at death and may need to go through probate depending on state law and circumstances.

Revocable Living Trust

A revocable living trust generally allows you to:

- Place selected assets into a trust during your lifetime
- Name beneficiaries to receive trust assets
- Name someone to manage trust assets if you become incapacitated
- Provide instructions for distribution after death
- Potentially help avoid probate for properly funded trust assets, depending on state law

Important: A trust does not automatically replace a will, and a trust only controls assets that are properly transferred to it. Many people use both documents together as part of a comprehensive estate plan.

What Is a Revocable Living Trust?

A revocable living trust is a legal arrangement created during your lifetime. You (the grantor) place certain assets into the trust, and a trustee manages those assets according to your instructions — both during your life and after your passing. Many people serve as their own trustee while they are able, maintaining full control over their assets.

Create the Trust

Draft trust document naming grantor and trustee.

Transfer Assets

Move appropriate property into the trust.

Trustee Manages

Trustee oversees assets per your instructions.

Beneficiaries Receive

Assets distributed to beneficiaries as directed.

This simple flow shows how a revocable living trust works from creation through distribution — with you in control at every stage.

Key Roles in a Trust

Grantor / Settlor

The person who creates the trust and transfers assets into it.

Trustee

Manages the trust according to its terms. Often the grantor serves as trustee initially.

Successor Trustee

Takes over management if the original trustee becomes unable to serve.

Beneficiaries

The people or organizations who receive trust assets according to your instructions.

Probate: What Is It?

Probate is the court-supervised process used to administer certain assets and settle an estate after someone passes away. The process and requirements differ significantly by state — and not every asset necessarily goes through probate.

Some assets pass outside of probate entirely, depending on how they are owned or how beneficiaries are designated. Common examples include:

Life Insurance

Policies with named beneficiaries typically pass directly to those beneficiaries.

Retirement Accounts

IRAs and 401(k)s with beneficiary designations generally bypass probate.

Jointly Owned Property

Property held jointly with rights of survivorship may transfer automatically.

Beneficiary Accounts

Certain bank and investment accounts with payable-on-death designations.

> **"Whether probate applies depends on the asset, ownership, beneficiary designation, and state law."**

Beneficiaries Matter

Beneficiary designations are an important — and sometimes overlooked — part of your overall estate plan. When you name a beneficiary on a life insurance policy, retirement account, or investment account, that designation typically controls who receives those assets, regardless of what your will says.

Primary Beneficiary

The person or organization who receives the asset first, upon your passing.

Contingent Beneficiary

The backup recipient if the primary beneficiary cannot be located or is no longer living.

When to Review Your Beneficiaries

It's important to review your beneficiary designations after major life changes, including:

- Marriage or divorce
- Birth or adoption of a child
- Death of a named beneficiary
- Significant changes in your assets

Beneficiary Review Checklist

→ · Life insurance beneficiaries reviewed and current

→ · Retirement account beneficiaries reviewed and current

→ · Bank and investment account beneficiaries reviewed

→ · Beneficiary information is up to date

→ · Beneficiaries know where important documents are located

"Your beneficiary designation can be an important part of your overall estate plan."

What Should Be in Your Estate-Planning File?

Having your important documents organized and accessible is one of the greatest gifts you can give your family. In a difficult moment, the last thing your loved ones need is to search for critical information. Keep your documents in a safe but findable place, and make sure a trusted person knows how to locate them.

Important Documents & Information

- Will
- Living trust (if applicable)
- Financial power of attorney
- Healthcare documents (advance directive, healthcare proxy)
- Life insurance policies
- Retirement account information
- Bank and investment account information
- Property and deed information
- Business ownership documents
- Important contact information (attorney, financial advisor, insurance agent)
- Digital account information and passwords
- List of important personal assets

> **"Your family can't follow a plan they can't find."**

Common Estate-Planning Mistakes

Even well-intentioned people can make estate-planning missteps. Awareness of the most common mistakes is the first step toward avoiding them.

7 Common Mistakes to Avoid

1. Never creating an estate plan at all
2. Creating a plan and never updating it
3. Forgetting about beneficiary designations
4. Assuming a will and a trust do the same thing
5. Creating a trust but failing to fund it
6. Forgetting powers of attorney and healthcare documents
7. Keeping documents impossible for loved ones to find

Review Your Plan After These Life Events

- Marriage or Divorce
- Birth or Adoption
- Buying or Selling Property
- Starting or Selling a Business
- Moving to Another State
- Major Change in Assets
- Death of a Beneficiary
- Major Family Changes

My Estate Planning Starter Checklist

Use this checklist to track your progress. You don't have to do everything at once — start where you are, and take one step at a time.

Know Your Situation

- I know what assets I own
- I know who my beneficiaries are
- I have reviewed my life insurance beneficiaries
- I have reviewed my retirement beneficiaries
- I know where my important documents are
- My trusted family members know how to locate important information

Consider Your Documents

- I have considered whether I need a will
- I have considered whether a trust may be appropriate
- I have considered a financial power of attorney
- I have considered healthcare documents
- I know when I should review my plan

My next estate-planning step: ____