

# TERMS TO KNOW

# Estate Planning

## Community Property

A form of property ownership recognized in some states where any **Asset** acquired during a marriage is presumed to be jointly owned.

## Custodian

A person designated by the Court who is entrusted to oversee the property or care of another person. Some states use the word **Guardian** for this position.

## Decedent

A person who has died. In **Estate Administration**, the Decedent refers to the person whose **Estate** is being **Probated**.

## Descendant (Lineal Descendant)

A blood or adopted relative in the direct line of a person's descent – the children, grandchildren, great-grandchildren, etc. of a person. Also referred to as **Issue**.

## Estate Administration

The process where an **Executor** collects all of an **Estate's Assets**, pays all of the **Estate's** debts, then distributes the remaining money and property to the **Beneficiaries**.

## Fiduciary

A person or organization that has a legal duty to act in the best interest of someone else.

## Guardian (for adult)

A person appointed by the court who cares for and/or manages the property of an adult. Some states use the term **Conservator** for this position.

## Guardian (for minor)

A person appointed by the court who cares for and manages the property of a minor.

## Heir

A person that receives money or property from an **Estate** when there is no **Will**. See also **Beneficiary**.

## Intestate

A person who does not leave a valid **Will** when they die. Also, the act of having not written a valid **Will** before one dies.

## Issue

For this term see **Descendant (Lineal Descendant)**.

## Joint Tenants with Right of Survivorship

A form of property ownership where 2 or more people own equal interests in the property. When one of the owners dies the remaining owners receive their share of the property.

## Life Estate

A form of joint ownership where one person can use the property until their death. After death, ownership of the property is transferred to the **Beneficiaries** of the property.

## Living Will

A legal document which informs an **Agent** and medical personnel what medical treatments that person would like if they are not able to communicate their wishes. The choice to prolong life, receive relief from pain, and donate organs are often included in a Living Will.

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## Patient Advocate

For this term see **Agent (Medical)**

## Personal Property

Any property that is not categorized as **Real Property**. Examples of Personal Property are furniture, household appliances, or radios. Intangible property such as stocks, bonds, and patents are also considered to be Personal Property.

## Pour-Over Will

A type of Will that works in partnership with a Living Trust. It directs decedent's remaining property into the Trust after death.

## Probate

The legal process where a court determines whether a **Will** is valid, approves an **Executor**, and oversees the **Estate Administration** to assure the proper distribution of money and property. If there is no **Will**, the court will decide who will Administer the Estate.

## Real Property

Land and anything built on that land or growing on that land. Real Property includes but is not limited to houses, office buildings, trees, lakes, or garages. Also referred to as Real Estate.

## Subtrust

A **Trust** within a **Trust**. A Subtrust often comes into being upon the happening of an event like the death of a parent or spouse.

## Tax (Estate Tax Exemption)

The amount below which an **Estate** is not subject to federal tax.

## Tax (Estate)

Tax imposed on a **Decedent's Estate** when property is transferred after death. Large **Estates** are taxed by the federal government. Some states also charge tax on an **Estate**. Estate Tax is also referred to as Death Tax.

## Tax (Generation-Skipping Transfer Tax)

Tax imposed on **Estate** property transferred to grandchildren instead of children. The federal government taxes estates with values above a threshold amount. Each state has its own rules regarding generation-skipping transfers of property.

## Tax (Gift)

A transfer tax on property given from one person to another person or organization. The federal government imposes a tax when the property gifted exceeds a certain threshold. As of 2024, only the state of Connecticut imposes its own tax on gifts.

## Tax (Inheritance)

A small number of states impose tax on the person receiving property from an **Estate**.

## Tenants by the Entirety

A type of property ownership which only legally married couples can use. When one spouse dies the surviving spouse receives full ownership of the property.

## Tenants in Common

A type of property ownership where each person owns a distinct percentage of the property. When that person dies their portion of the property will be distributed to their Beneficiaries or Heirs.

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## Testate

A person who leaves a valid **Will** when they die. Also, the act of having written a valid **Will** before one dies. See also **Testator**.

## Title

The legal right (in the form of a document) to own and possess **Real Property** or **Personal Property**.

## Trust Instrument

A legal document which contains the terms and conditions of a **Trust**.

## Trustee

The **Fiduciary** who manages a **Trust**. A Trustee can be a person or an organization.

## Trustor

A person who creates a **Trust** and funds (puts **Assets** into) that **Trust**. Also known as a Grantor or Settlor.

## Uniform Transfer to Minors Act

A law to protect **Minors** who receive property from an **Estate**. A **Custodian** is designated to manage the property for the benefit of the minor until the **Minor** reaches a certain age. UTMA laws vary by state.



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