

Alex Carter, CFP®.

BELLEVUE, WA · LPL FINANCIAL

ESTATE · GUIDE

Estate Planning Essentials

A plain-English starting point for protecting your family, your wishes, and the assets you've worked to build

An educational guide from Alex Carter, CFP®

Bellevue, WA · LPL Financial

> *Estate planning isn't only for the wealthy or the elderly. It's simply the process of deciding who receives what, who steps in if you can't make decisions, and how to ease those transitions for the people you love. This guide walks through the building blocks in plain language so you can have more informed conversations with your advisor and a licensed estate attorney. Think of it as a map of the territory, not a set of instructions for your specific situation.*

01 Will vs. Revocable Living Trust: What Each Does

Two of the most common estate documents are the will and the revocable living trust. They overlap in some ways, but they work differently, and many families use them together rather than choosing one over the other.

A will is a written document that states who should receive your assets and names a personal representative (often called an executor) to carry out your wishes. Importantly for parents, a will can also name a guardian for minor children. A will generally takes effect only after death and typically passes through probate, the court-supervised process described later in this guide.

A revocable living trust is an arrangement you create during your lifetime. You can move assets into it, serve as the trustee yourself, and change or revoke it as your circumstances change. Because assets titled in the trust are owned by the trust rather than by you individually, they can often pass to beneficiaries without going through probate. A trust does not, by itself, name a guardian for minor children, which is one reason a will is frequently used alongside one.

- Will: takes effect at death, can name a guardian for minor children, generally goes through probate.
- Revocable living trust: active during your lifetime, can help assets avoid probate, can address incapacity, but doesn't name guardians.
- Trade-offs to discuss with an attorney: a trust often involves more upfront cost and the work of retitling assets, while a will is usually simpler to set up but offers less privacy and continuity.
- Both can be updated as life changes: marriage, divorce, new children, a move to a different state, or a change in assets.

> **GOOD TO KNOW**
>
> Tip: A trust only helps assets avoid probate if those assets are actually retitled into the trust's name. An unfunded trust is a common gap, so ask your attorney how to confirm which accounts and property have been moved in.

02 Why Beneficiary Designations Matter More Than You Might Expect

Retirement accounts, life insurance, and certain bank or brokerage accounts are often among your most significant assets, and they pass directly to whoever is named as the beneficiary. In many cases, these designations control who inherits the asset regardless of what your will or trust says. That makes keeping them current one of the more impactful, and frequently overlooked, parts of an estate plan.

Outdated designations are a common source of unintended outcomes. Examples include an ex-spouse remaining named on a policy, or a designation that no longer reflects a new child or grandchild. A periodic review can help your accounts reflect your current wishes.

- Confirm both primary and contingent (backup) beneficiaries are named on each account.
- Review after major life events: marriage, divorce, birth or adoption, a death in the family.
- Consider how naming a minor directly may work, since minors generally cannot receive assets outright. An attorney can explain the options.
- Check that beneficiary designations are consistent with your overall will and trust so they don't work at cross-purposes.
- Keep a simple record of where your accounts are held and who the named beneficiaries are.

> GOOD TO KNOW
>
> Tip: Beneficiary designations generally override your will. Reviewing them every few years, and after any major life change, is one of the simplest steps to help keep your plan aligned with your intentions.

03 The Washington State Probate Process at a High Level

Probate is the legal process for settling an estate after someone passes away: validating the will (if there is one), paying valid debts and taxes, and distributing what remains to heirs or beneficiaries. Each state has its own rules, and Washington's process is often described as relatively streamlined compared with some other states, though every estate is different.

In Washington, a personal representative is typically appointed to administer the estate, and many estates can be handled with limited court involvement. Some assets generally pass outside of probate: those held in a properly funded trust, and those passing by beneficiary designation or joint ownership. Whether probate is needed, and how involved it is, depends on the specific assets and how they are titled.

Because the details depend heavily on individual circumstances and current Washington law, a licensed estate attorney is the right resource for understanding how the process would apply to your situation.

- Common probate steps: appointing a personal representative, inventorying assets, settling valid debts and taxes, then distributing the remainder.
- Assets that often pass outside probate: trust-held property, accounts with named beneficiaries, and certain jointly owned property.
- Washington is a community property state, which can affect how assets are characterized between spouses, another topic for your attorney.
- Note that Washington has its own state-level estate tax that is separate from federal rules; a tax professional or attorney can explain whether it may apply.

04 Basic Charitable-Giving Vehicles

If supporting a cause is part of your goals, there are several general structures families consider for charitable giving. Each works differently and carries its own rules, costs, and tax considerations, so this is an area where coordinating with your advisor, CPA, and attorney is especially helpful.

Whether any of these approaches fits depends entirely on your circumstances, your goals, and the size and type of the gift. The descriptions below are meant only to introduce the concepts so you can ask informed questions.

- Outright gifts or bequests: giving directly during life or naming a charity in your will, trust, or beneficiary designations.
- Donor-advised funds: an account, held at a sponsoring organization, that lets you contribute and then recommend grants to charities over time.
- Charitable trusts: arrangements (such as charitable remainder or charitable lead trusts) that can split benefits between charity and family in different ways, with varying complexity and cost.
- Qualified charitable distributions: a route some individuals consider for giving directly from certain retirement accounts, subject to age and eligibility rules.
- Naming a charity as a beneficiary: a relatively simple way some donors include a cause, which a professional can help structure.

> GOOD TO KNOW
>
> Tip: Charitable strategies can have meaningful tax and estate implications that vary widely by situation. Reviewing any approach with a qualified tax professional and an attorney before acting helps confirm it fits your goals and the current rules.

05 Wealth-Transfer Fundamentals

Wealth transfer is the broad term for passing assets to the next generation, to other loved ones, or to causes you care about. Beyond the documents themselves, thoughtful planning often focuses on clarity, coordination, and communication so your wishes are easy to follow and your family faces fewer surprises.

There is no single 'correct' plan. Some families prioritize simplicity, some prioritize privacy, and others focus on supporting heirs over time or providing for a family member with special needs. The fundamentals below are general considerations. How they apply to you depends on your circumstances, which is why working with qualified professionals matters.

- Consider the full picture: documents, account titling, and beneficiary designations should work together, not in conflict.
- Plan for incapacity, not just death. Powers of attorney and health-care directives let trusted people act if you can't, and an attorney can explain these.
- Keep important documents organized and let a trusted person know where to find them.
- Communication can ease transitions; talking through your intentions with family may reduce confusion later.
- Revisit your plan periodically and after major life or financial changes, since laws and circumstances both evolve.

06 Where to Go From Here

Estate planning touches legal, tax, and financial decisions at once, so it tends to work well as a team effort. A licensed estate attorney prepares and tailors the actual documents to your situation and your state's laws; a CPA or tax professional can speak to tax considerations; and your financial advisor can help connect your estate plan to your broader financial picture.

A reasonable next step for many people is simply to take inventory: list your accounts and assets, note current beneficiaries, and write down questions. That groundwork can make conversations with these professionals more productive and help you move forward with greater confidence.

- Estate documents themselves should be prepared with a licensed estate attorney, not from a template alone.
- Bring your beneficiary list and asset inventory to any planning conversation.
- Ask how state-specific rules, including Washington's, may apply to your situation.

Key takeaways

- A will and a revocable living trust do different things: wills can name guardians and generally go through probate, while a funded trust can help assets avoid probate. Many families use both.
- Beneficiary designations on retirement accounts, life insurance, and similar assets often control who inherits, regardless of your will. Reviewing them periodically is one of the simplest, most impactful steps.
- Washington's probate process is often relatively streamlined, and some assets pass outside probate entirely; the state also has its own estate tax that's separate from federal rules.
- Charitable-giving vehicles range from simple bequests and donor-advised funds to more complex charitable trusts, each with different rules, costs, and tax considerations.
- Wealth transfer works well when documents, titling, and beneficiary designations are coordinated, and when you've also planned for incapacity, not just death.
- Estate documents should be prepared with a licensed estate attorney, with input from your CPA and financial advisor for tax and overall financial coordination.

YOUR SITUATION IS UNIQUE

Questions about how this applies to you?

This guide is a starting point. Schedule a discovery call and we will map it to your own goals, timeline, and circumstances.

Visit carterfinancialplanning.com or call (425) 451-2950.

IMPORTANT DISCLOSURES

This guide is provided for general educational purposes only and does not constitute individualized investment, tax, or legal advice or a recommendation of any specific strategy, product, or course of action. Estate planning, charitable giving, and wealth-transfer decisions are highly individual and depend on your particular circumstances and applicable laws, which change over time. Estate planning documents should be prepared by a licensed estate attorney; please also consult a qualified tax professional regarding tax matters. Please consult your financial advisor, CPA, and a qualified attorney about your specific situation before taking any action.

This material is for general educational purposes only and is not intended to provide specific investment, tax, or legal advice. It does not constitute a recommendation or an offer to buy or sell any security. Strategies discussed may not be suitable for everyone; their appropriateness depends on your individual circumstances.

Investing involves risk including loss of principal. No strategy assures success or protects against loss.

SC Financial Group and LPL Financial do not provide tax or legal advice. Consult your tax and/or legal advisor for specific guidance.

Securities and advisory services offered through LPL Financial, a registered investment advisor. Member FINRA/SIPC. Carter Financial Planning, SC Financial Group, and LPL Financial are separate entities. Carter Financial Planning and SC Financial Group are not registered as broker-dealers or investment advisors.

© Alex Carter, CFP® · 1417 116th Ave NE, Suite 202, Bellevue, WA 98004 · (425) 451-2950