



Common Estate Planning Terms



**THE FELLER
GROUP, P.C**

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Some common Estate Planning Terms

The following is a quick explanation of estate planning terms. We hope this will give you a base knowledge and vocabulary when making decisions regarding your new estate plan. If you still need some clarification, please do not hesitate to ask us.

Executor

A person you appoint who is responsible for carrying out the legal and financial wishes stated in your will, including the payment of debts, sale of assets, and distributions to beneficiaries.

Trustee

A person or institution who is responsible for managing any property or assets a grantor transfers into and titles in the name of the trust. The trustee can be the grantor and/ or a beneficiary of a trust in addition to the trustee role.

Testator

A person who creates a will.

Estate Planning

A process where an individual designs a strategy and executes a will, trust, and/ or other documents to provide for the distribution of his or her assets upon incapacity or death.

Agent (or Attorney-in-Fact)

A person who is given authority, in a document called a power of attorney, to act on behalf of another as a fiduciary.

Fiduciary

A person or institution who is legally responsible to act in the best interest of the person for whom he or she or it is serving.

Gift

A transfer from one person to another without fair compensation in return. This term can also be used to refer to a bequest.

Beneficiary

A person who receives something from a will, trust, or other legal contract, such as a life insurance policy, a retirement account, a payable-on-death account.

Some common Estate Planning Terms Cont.

Guardian

A person appointed by a parent who attends to the care of his or her minor children in the event of the parent's death.

Net Estate

The value of an estate after all debts have been paid. For example, federal estate taxes are based on the net estate.

Probate

A court-supervised process that determines whether a will is valid and supervises the executor in carrying out the testator's legal and financial wishes.

Successor Trustee

A person or institution who becomes the trustee for a trust should the first choice trustee die, resign, or otherwise become unable to act.

Heir

A person who takes property under the intestate rules of succession, has to be related to the testator, and does not take under a will.

Principal

A person or institution who becomes the trustee for a trust should the first choice trustee die, resign, or otherwise become unable to act.

Grantor

A person who creates a trust.

Joint Tenancy with Right of Survivorship, Joint Ownership with Right of Survivorship

A type of ownership in which two or more people own the same asset together, and where at death of a co-owner, the other co-owner will become the sole owner of the asset, regardless of the distributions made in the deceased co-owner's will.

Common Estate Planning Documents

Last Will & Testament

A legal document that contains the legal and financial wishes of a person upon his or her death.

Health Care Proxy

a document that names someone you trust as your proxy, or agent, to express your wishes and make health care decisions for you if you are unable to speak for yourself. A health care proxy may also be called a durable medical power of attorney or an appointment of a health care agent or health care surrogate.

Durable Power of Attorney

A legal document that lets someone designate another person, called an agent or attorney-in-fact, to act on his or her behalf. “Durable” refers to the fact that the agent retains this authority even if the person who created the durable power of attorney becomes incapacitated. This power ends at death.

Living Will

A legal document detailing a person’s wishes for end-of-life healthcare, in case the person is unable to communicate those wishes in the future.

Revocable Trust

A type of trust that can be changed or terminated during the grantor’s lifetime. This is in contrast to an irrevocable trust.

Irrevocable Trust

A type of trust that generally cannot be changed or terminated once it’s created. This is in contrast to a revocable trust. An irrevocable trust can be designed and used to remove assets from the creator’s taxable estate.



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