

Greetings!

We hope your summer is off to a great start. This is the first in a series of articles on estate planning. We hope you find the articles informative, and the articles serve as a reminder of the importance of establishing and updating your estate planning documents.

### **How Assets Pass to Heirs**

Many individuals have the misconception that if they have written a Will or established a Trust, all of their assets will pass to their heirs according to the language in these documents. This may not be the case. If financial accounts have specific beneficiaries designated, these direct beneficiary designations take precedence over designations in Wills or Trusts.

Typically, beneficiaries are designated on retirement accounts and life insurance policies. They may also be designated on investment accounts, bank accounts, property titles and other financial contracts. It is advisable to review your beneficiary designations annually to ensure that they align with your overall estate plan. If you want to make any changes to your beneficiary designations on your Charles Schwab accounts, please work with us to make all updates. We are happy to prepare any needed forms at the direction of you or your attorney.

There are four ways to leave assets to your heirs:

- 1) Account titling
- 2) Beneficiary designation
- 3) Last Will and Testament
- 4) Trust

You may use one, some, or all of these methods, but you do need to make sure they are consistent in order to make the management of your estate easier for your heirs.

The Last Will and Testament is helpful to ensure all property in the estate is distributed at death. The inclusion of a "residuary clause" distributes all remaining property not specifically done so via another method. Please note that the presence of a Will (even with a Testamentary Trust) does not mean that the estate will automatically avoid probate. Probate laws vary by state, so check with your estate attorney to ensure that your goals will be accomplished using all the tools that you employ.

Account titling using rights of survivorship, or designating beneficiaries, are "Will substitutes" and are a way of transferring estate property to minimize or avoid having to go through the probate process.

If we can help you to review and update your estate plans, or facilitate a meeting with your family, please schedule time with us.

Best Regards,

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