

WHY A WILL?  
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Often times people feel they do not need a will. Married persons believe that all their property will automatically go to the surviving spouse or that their Estate is not substantial enough to warrant a Will. We believe there are at least three reasons to have a will.

**First a Will allows you to distribute your property to the person or persons of your choice.** If you should die without a Will, your Estate is probated under the Iowa laws of intestate succession. In some instances, this may be satisfactory to you. However, it does not satisfactorily solve the problems created by a common disaster in which one spouse dies immediately and the other spouse dies hours or days later. If there are no surviving children, the parents and relatives of the last spouse to die will receive all of the assets of both spouses, thereby causing the relatives of the first to die to be entirely disinherited.

If you are not married, the State may take the property passing to an invalid parent; or you may be increasing your parents' estate tax liability at their death; or you may simply be unnecessarily complicating their estates by giving them assets that they do not need.

In the case where there are children, the Iowa law treats all children equally. This may be unsatisfactory if children are of differing ages or have differing needs (such as in the case where one of those children may have been severely injured in the same common disaster with the parents). Where both spouses have children by prior marriages, the problems increase; and the solutions become quite complex. Most people find that the results under the Iowa laws of intestate succession are totally unacceptable.

**Second, a Will may operate as a tax saving device.** The federal tax is in a state of flux right now. This year, the exemption is \$5,000,000 (\$10,000,000 for a couple). However in 2013, it may be as low as \$1,000,000. So unless your death is likely to occur this year, we have to plan for the \$1,000,000 exemption. The first reaction of many people is that they do not have anywhere near this amount of assets. However, when they start adding everything together, including the face value of life insurance policies (individually owned as well as group policies purchased by their employer), their vacation lot, their second car, the savings account and the IRA's, the total may quickly approach the exempt amount.

Taxpayers whose estates are less than the exempt amount still may desire a Will creating a trust for the following reasons:

1. Asset accumulation and inflation may push their estate into a taxable bracket.
2. Some families prefer the investment guidance and management that a trust can provide to survivors.
3. Sale of assets held in trust may result in lower taxes than when the sale is made by the surviving spouse.

4. Ultimate gifts to children or young adults are more satisfactorily arranged by: (a) eliminating the cost and complications of conservatorships; (b) holding the children's inheritance in one lump sum until the youngest child is, for example, age 25, giving the trustee discretion to sprinkle income and principal among them as individual needs and abilities dictate; and (c) permitting distributions of individual shares to be made in a staggered manner, *e.g.*, one-third at ages 25, 30, and 35.

5. Protection against a child's creditors, such as those arising from business or through his or her own improvidence or from his or her spouse in the event of a dissolution of marriage.

6. Gathering of most, or even all, of your assets under one roof allowing easier and professional management and investment.

**Finally, there are people who just do not have assets enough to worry about.** "All we have are our children," they say. But what happens to these most important people at the parents' deaths? A Will allows you, as parents, to arrange for the care of the minor children by nominating guardians who will likely care for and raise the children as you prefer.

These are some of the reasons to have a Will. We encourage you to talk to an estate planning professional to make certain that you have an effective will and estate plan in place.

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