

Why You Need a Will

Often people wonder if they really need a Will -- the answer is Yes.

A Will is a legal document signed by you that takes effect at your death and sets forth your wishes with respect to the distribution of the assets passing under your Will (referred to as your probate estate), naming a guardian for your minor children, and reducing estate and inheritance taxes that will be levied against your estate.

Absent a Will, your assets will be distributed according to a formula set forth by the intestate laws of the Commonwealth of Pennsylvania. The intestate laws often do not reflect the average person's wishes for the distribution of their estate and can result in your spouse having to share assets with other family members not of your choosing. With limited exceptions, a Will ensures that your probate estate will pass according to your wishes, not the scheme set forth by the Commonwealth of Pennsylvania.

Further, and most importantly for parents of minor children, a Will is the appropriate place to name the guardian of your children. Absent declaration of a guardian in a Will, your child could be placed in the care of a court-appointed guardian rather than with the person(s) that you would have selected. In your Will you can put in place measures, such as a trust, to ensure that your children are provided for financially.

Finally, estate and tax planning in your Will can limit the inheritance and estate tax liability that your estate may be exposed. The Pennsylvania Department of Revenue collects inheritance tax on all estates based on the value of the decedent's assets and at a tax rate that is determined by the relationship of the beneficiary to the decedent. For example, the tax rate for Spouses in Pennsylvania is 0%, whereas, the tax rate for children is 4.5%. Additionally, the United States Department of Treasury collects a Federal Estate Tax for estates currently in excess of \$2 Million dollars at a rate that can exceed 47%. Estate planning provides techniques that can limit this tax burden and protect your family from the burden of satisfying the tax liability on your death.

A Will is one of the best ways to ensure that your spouse, children, family and finances are taken care of in the case of your death. By providing your family with guidance on how your estate should be administered and distributed may avoid potential conflict among family members and will simplify the process for your family during a very difficult time.

Kozloff Stoudt is experienced in estate and tax planning, Will drafting, estate and trust administration. Please contact one of our estate planning attorneys to set up an appointment to discuss your estate planning needs.