

# Estate Planning & Trusts – FAQs

## Table of Contents

1. General Estate Planning	2
Why is estate planning important?	2
Does Ekal provide free estate planning resources?	2
2. Wills vs. Revocable Living Trusts	2
What is the difference between a will and a revocable living trust?	2
Do I need a will if I have designated beneficiaries for my bank accounts and 401(k)?	2
Which is more tax-efficient – a will or a trust?	2
3. Trusts and Property	3
If I put my personal residence in a trust, can I still claim a homestead exemption?	3
4. Financial and Estate Planning	3
Do I need to change my bank accounts after creating a trust?	3
How can I ensure charitable giving after I pass away?	4
Do I have to spend a Donor-Advised Fund (DAF) in the same year I contribute?	4
5. Probate & Asset Protection	4
Would TOD (Transfer on Death) and POD (Payable on Death) accounts go through probate?	4
What happens if a couple has a will and divorces?	4
What are probate costs for a \$2M estate?	4
When should I update my trust?	5
6. Cost & Legal Assistance	5
How much does it cost to create a will or trust?	5
Do I need an attorney to create a will?	5
Pros & cons of using estate planning software?	5
7. Moving & State Laws	6
What happens if I move to another state after creating a trust?	6
Are trusts governed by federal or state laws?	6
8. Naming Beneficiaries & Trustees	6
Can I appoint a trustee from another country?	6
How do I designate beneficiaries in my trust?	6
9. Advanced Estate Planning – Irrevocable Trusts	6
What is the difference between a revocable and an irrevocable trust?	6
When should I consider an irrevocable trust?	7
10. Webinars & One-on-One Assistance	7
How often are estate planning webinars held?	7
Does Ekal offer estate planning guidance?	7

# 1. General Estate Planning

## Why is estate planning important?

Without an estate plan, your assets go through **probate**, which is costly and time-consuming. A **will or trust** ensures your assets are distributed according to your wishes.











## Does Ekal provide free estate planning resources?

Yes! Ekal has partnered with **Free Will** to offer software that helps you create **wills and living trusts** at no cost. <https://www.ekal.org/us/planned-giving>

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# 2. Wills vs. Revocable Living Trusts

## What is the difference between a will and a revocable living trust?

Feature	Will	Revocable Living Trust
Avoids Probate?	 No	 Yes
Privacy	 Public document	 Private
Immediate Asset Distribution	 No	 Yes
Cost to Set Up	 Lower	 Higher
Asset Protection	 Limited	 Stronger

## If I have designated beneficiaries for my bank accounts and 401(k), do I still need a will?

Yes. Some assets, such as **real estate, vehicles, and personal property**, are **not covered** by beneficiary designations. A will ensures these assets are distributed properly.

## Which is more tax-efficient – a will or a trust?

A **trust** is generally more tax-efficient because it:

- **Avoids probate**, reducing legal fees
- **May reduce estate taxes** (if irrevocable)
- **Can minimize capital gains tax** for beneficiaries

**Example:**

- John passes away with a **will**. His estate (\$5M) goes through probate, costing around **\$100,000** in fees. His children wait **6-12 months** for the process to complete.
  - Sarah has a **trust**. Her \$5M estate **bypasses probate**, and her children receive their inheritance **within weeks**, avoiding **\$100,000** in costs.
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### 3. Trusts and Property

**If I put my personal residence in a trust, can I still claim a homestead exemption?**

Yes, if the trust is a **revocable living trust** and you are the beneficiary, most states allow you to keep your homestead exemption. **Check state laws** for specific requirements.

**Example:**

- Lisa owns a home in Florida and has a homestead exemption, saving thousands in property taxes. She transfers the house into a **revocable trust** and keeps the exemption.
  - If she had used an **irrevocable trust**, she might have lost the exemption.
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### 4. Financial and Estate Planning

**Do I need to change my bank accounts after creating a trust?**

Yes. Bank accounts should be **retitled in the trust's name** to ensure they bypass probate. **Beneficiary designations** should also be updated.

**Example:**

- David **forgets** to retitle his bank accounts. After he passes, his family **faces probate delays**.
- Mary properly **retitles** her bank accounts to "The Mary Family Trust." Her family gets **immediate access** to the funds.

### How can I ensure charitable giving after I pass away?

- **Include a charitable bequest** in your trust.
- **Set up a Charitable Remainder Trust (CRT)** to provide income to heirs first and then donate the remaining funds.
- **Use a Donor-Advised Fund (DAF)** to distribute donations over time.

#### Example: Charitable Giving After Passing

- **James and Susan** include a **trust provision** stating **10% of their estate** will be donated to EKAL.
- Alternatively, they set up a **Charitable Remainder Trust (CRT)** that provides **income to children for 20 years**, after which the remaining funds go to **EKAL**.

### Do I have to spend a Donor-Advised Fund (DAF) in the same year I contribute?

No. Contributions to a **DAF are tax-deductible** immediately, but funds can be donated to charities over multiple years.

#### Example:

- Amit donates **\$50,000** to a DAF in **2024**, getting a tax deduction. He distributes **\$10,000 per year** over five years.

## 5. Probate & Asset Protection

### Would TOD (Transfer on Death) and POD (Payable on Death) accounts go through probate?

No. These accounts **bypass probate** and go directly to the named beneficiaries.

### What happens if a couple has a will and divorces?

The will should be **updated** to reflect new beneficiaries and asset distribution.

## What are probate costs for a \$2M estate?

Probate fees vary by state but typically range **from 2% to 5% of the estate's value**. Avoiding probate through a trust could **save these costs**.

## When should I update my trust?

Trusts should be reviewed **every 3-5 years** or when major life events occur:

- ✓ Marriage or divorce
  - ✓ Birth of children or grandchildren
  - ✓ Moving to another state
  - ✓ Changes in financial status
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## 6. Cost & Legal Assistance

### How much does it cost to create a will or trust?

Document	Cost Range
Will	\$200 - \$1,000 (attorney) or Free - \$150 (software)
Trust	\$1,000 - \$3,000+ with an attorney

Ekal's **Will & Trust software** is **100% free**.

### Do I need an attorney to create a will?

No, but it's **recommended for complex estates**.

### Pros & cons of using estate planning software?

- ✓ Lower cost & quick setup
  - ✗ May not address state-specific laws or complex needs
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## 7. Moving & State Laws

### What happens if I move to another state after creating a trust?

Trusts are **valid nationwide**, but you should **review state-specific laws** to ensure compliance.

### Are trusts governed by federal or state laws?

State laws **primarily** govern trusts, though **federal tax laws** apply to estate taxes and charitable giving.

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## 8. Naming Beneficiaries & Trustees

### Can I appoint a trustee from another country?

It is possible, but it may create **tax and legal complications**. A **US-based trustee** is generally recommended.

### How do I designate beneficiaries in my trust?

- Beneficiaries should be **named in the trust documents**.
  - Assets should be **retitled in the trust's name**.
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## 9. Advanced Estate Planning – Irrevocable Trusts

### What is the difference between a revocable and an irrevocable trust?

Feature	Revocable Trust	Irrevocable Trust
Control Over Assets	✓ Full	✗ No
Can Be Changed?	✓ Yes	✗ No
Avoids Probate?	✓ Yes	✓ Yes
Estate Tax Benefits?	✗ No	✓ Yes
Protection from Creditors?	✗ No	✓ Yes

### When should I consider an irrevocable trust?

Irrevocable trusts are **used when**:

- **Assets exceed the federal estate tax exemption.**
  - **Protection from creditors** is needed.
  - **Medicaid or long-term care planning** is required.
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## 10. Webinars & One-on-One Assistance

**How often are estate planning webinars held?**

 **Every third Saturday of the month at 5:00 PM Eastern Time:**

[Click Here To Register for Free](#)

**Does Ekal offer estate planning guidance?**

Yes! **Prem Suhalka, a volunteer from Dallas, offers one-on-one sessions** on irrevocable trusts and other topics. Email at: [prem@shrikrishnawealth.com](mailto:prem@shrikrishnawealth.com). **Contact:** 817-915-3907