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GLOSSARY OF TERMS

- Advance Directives:** The term typically used in regard to healthcare powers of attorney and living wills.
- Clifford Trust:** Under this tax planning device, the transfer of income-producing property is made through a trust which provides that the income is either to be paid or accumulated for the benefit of a beneficiary other than the grantor for a period of more than 10 years, at which time the trust is to terminate and the property revert back to the grantor.
- Contingent Trust:** An express trust depending for its operation upon a future event. Typically when used in a will, the future event would be the death of both parents and upon said event, the creation of a trust for the benefit of the deceased's children.
- Estate:** The degree, quantity, nature, and extent of interest which a person has in real and personal property. The total property of whatever kind that is owned by a deceased prior to the distribution of that property in accordance with the terms of a will, or, when there is no will, by the laws of inheritance in the state of domicile of the deceased.
- Estate Plan:** The process of arranging a person's property and estate, which takes into account the laws of wills, taxes, insurance, property, and trust so as to gain maximum benefit of all laws while carrying out the person's wishes for the disposition of his property upon his death.
- Estate Tax:** A federal government tax imposed on the right to transfer property by death. The tax is levied on the decedent's estate and not on the heir receiving the property.
- Estate Tax Exemption:** The amount of an estate which is exempt from federal taxation. The exemption is gradually increasing and elimination of the estate tax is presently established for the year 2010.
- Executor:** The person, or company (bank), appointed by a testator to carry out the directions in his will and to dispose of his property after his death. Winds up the deceased's affairs, pay bills, informs heirs, files will, and distributes property.

- Grantor:** A term used by the person creating the trust. Can also be called a settlor or trustor.
- Guardian (Testamentary):** A person, named in a will, who is invested with the power, and charged with the duty, of taking care of a child during his or her minority.
- Inheritance Tax:** A tax imposed upon the privilege of receiving property from the decedent. Not a tax on the property itself but on the right to acquire it by decedent and is therefore effectively paid by the recipient. Typically a state tax.
- Intestate:** Without making a will. A person is said to die intestate when he dies without making a will.
- Intestate Decent:** The law established by state statute which provides for the distribution of an estate of a person who died without a will.
- Living Trust:** A trust created, funded, and operative during the lifetime of the grantor and commonly established for the benefit of the grantor, and upon the grantor's death, for the benefit of his heirs.
- Living Will:** A document approved by state statute which provides for a direction regarding the care and treatment to be administered in the event of the inability of the testator to make decisions regarding the type of life-sustaining treatment to be administered.
- Power Of Attorney:** An instrument authorizing another to act as one's agent or attorney. The agent is attorney in fact and his power is revoked upon the death of the principal.
- Probate:** A court proceeding by which a will is proved to be valid or invalid. Also the process pertaining to the administration of the estate including the payment of debts and the distribution of the deceased's estate in accordance with the terms of the will.
- Testamentary Trust:** A trust created within a will and executed with the formalities of a will. The formalities of the will are significantly different than the creation of a living trust. Additionally, this trust typically does not take effect until the death of the settlor. (See Contingent Trust)
- Testate:** The term used to identify a person who died leaving a will.
- Testator:** A person who makes the will.
- Trust:** A document, or arrangement, whereby property is transferred to a trustee, with the intention that the property be administered by the trustee for another's benefit. (See Living Trust)

Trustee: The person, or company, named in a trust document to administer the trust property.

Will: An instrument or document by which a person makes a disposition of his property, to take effect after his death, and which is revocable during his or her lifetime.