

Half of estate planning is its terminology. Here is a quick list to help both the newcomer and seasoned practitioner with the fundamental terms:

A/B Trust. A type of Trust which uses both the marital deduction and the federal estate tax exemption to minimize estate taxes.

Administrator. The person the court chooses to handle your estate when you die without a Will (also known as dying intestate).

Advance Directive. A legal document recording your wishes regarding end-of-life treatment, usually focusing on life-prolonging treatment when one is both terminal and in a vegetative state. Sometimes called a Living Will.

Amendment. The term used for a document that amends, or changes, the terms of a Trust.

Annual Gift Exclusion. The amount in value that a person can gift to another person in a year before a gift tax is incurred.

Assets. A general term used to describe property that has value.

Attorney-in-Fact. The traditional name for the individual you appoint to make decisions for you under a Health Care Power of Attorney and also a Durable General Power of Attorney. Occasionally referred to simply as an Agent.

Beneficiary. An individual or entity that “benefits” from a Trust or Will by receiving distributions of income or property.

Capital Gains Tax. Tax paid on capital assets as defined by the Internal Revenue Code.

Certification of Trust. A document included with Trusts that serves as proof of the Trust and certain terms of the Trust.

Codicil. The term used for a document that amends, or changes, the terms of a Will.

Conservator. An individual chosen by a court to handle a person’s financial affairs when the court has determined that person is no longer capable of doing so.

Contest. A term used for when someone formally objects to the validity of a Will.

Credit Shelter Trust. A Trust which uses the federal estate tax exemption to minimize estate taxes.

Creditor. A person that is owed money.

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DAPT. A Domestic Asset Protection Trust is a type of Trust that allows a person to create a Trust for themselves while also getting additional creditor protection if strict requirements are met.

Deed. Shorthand for a real estate deed or title, which shows the owner of particular real estate or land.

Disinherit. Removing someone that would normal inherit property from an estate plan, such as removing a child.

Distribution. The term for income or property being given over to a beneficiary.

Durable General Power of Attorney. A document for choosing someone to handle your financial affairs when you are no longer able. Sometimes referred to as just a Power of Attorney or a Financial Power of Attorney.

Executor. The person you choose in your Will to handle your estate when you pass away.

Federal Estate Tax Exemption. The amount of money an individual can transfer at death free of the federal estate tax.

Funding. A term for the process of putting property inside of a Trust.

Grantor. The person who creates a Trust. Also known as the Settlor and, rarely, the Trustmaker.

Guardian. An individual chosen by the court who is obligated to care for a person who is deemed by the court to be legally incapable of taking care of himself or herself. The term is often used to identify the person or persons appointed by the court to take care of minor children.

Health Care Power of Attorney. A document for choosing someone to make medical decisions on your behalf when you are no longer able.

ILIT. The acronym for an "Irrevocable Life Insurance Trust." This is a type of Trust used to protect life insurance proceeds from estate taxes.

Inter Vivos Trust. Another term for a Revocable Living Trust. Translates into "between living persons."

Intestacy/Intestate. Terms that mean an individual died without a Will.

Irrevocable Trust. A Trust that, once made, is very difficult to change or cancel.

Liquid Assets. Assets that are easily converted into cash.

Living Will. A legal document recording your wishes regarding end-of-life treatment. Sometimes called an Advance Directive.

Marital Deduction. A deduction which minimizes estate taxes when property is given over to a surviving spouse.

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Marital Trust. A Trust that makes use of the marital deduction to minimize estate taxes.

Minor. A term for a beneficiary who is legally underage.

Per Stirpes. A legal term where each branch of a deceased's persons family receives an equal share of the deceased person's estate.

Personal Representative. A general term that can be used instead of either the term Executor or the term Administrator.

Pour-Over Will. A type of Will used with Trusts that ensures property is transferred to your Trust when you pass away.

Probate. The process of court supervision of your estate when you die with or without a Will.

QTIP Trust. The acronym for a Qualified Terminal Interest Property Trust, a type of Trust which uses the marital deduction to minimize estate taxes.

Revocable Living Trust (or Revocable Trust). A Trust created by you while you are alive, and that can be freely changed or revoked/cancelled. Does not require an individual to give up control or access to the property placed into the Trust.

Settlor. The person who creates a Trust. This is the term used by Trust Law Counsel. Also known as the Grantor or Trustmaker.

Special Needs Trust. A Trust designed to take care of a person with special needs without jeopardizing or forfeiting government benefits that person may be entitled to.

Spendthrift Clause. Very particular language which helps prevent creditors of a beneficiary from getting to the assets of a Trust established for that beneficiary.

Testate. A term that means you had a Will in place when you passed away.

Trust. A broad term for a document you sign which creates an entity that, from a legal perspective, owns property that you transfer to it.

Trust Administration. Refers to the running and handling of the Trust.

Trustee. The individual or entity appointed to handle and run a Trust. The Trustee of a Revocable Living Trust usually begins with the person who created the Trust.

Trustmaker. The person who creates a Trust. Rarely used. Also known as the Grantor or Settlor.

Will. A signed and witnessed document that determines to whom your property goes when you pass away.



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