

Glossary of Estate-Planning Terms

Administrator. A person appointed by a court to manage the estate of a person who dies without a will.

Beneficiary. A person designated to receive the income, principal or proceeds of a trust, estate, insurance policy or retirement plan.

Charitable trust. A trust having a charitable organization as a beneficiary.

Corporate fiduciary. An institution which acts for the benefit of another. One example is a bank acting as Trustee.

Estate tax. The tax paid by the Administrator or Executor of a person's estate out of the estate's assets.

Executor (or personal representative). Someone appointed by a person in a will to carry out its provisions. A "Co-Executor" acts as Executor with another or others.

Fiduciary. A person in a position of trust or confidence. The fiduciary is bound by a duty to act in good faith. Examples: Trustees, Executors, and Administrators.

Future interest. A property interest which cannot be currently possessed, used or enjoyed.

Gift tax. Tax on gifts generally paid by the person making the gift rather than the recipient.

Gift-tax annual exclusion. The provision in the tax law that exempts from federal gift taxes the first \$12,000 (pending current tax law) in present-interest gifts that a person gives to each recipient during a year.

Gross estate. The total value of an individual's property for estate-tax purposes.

Guardian. A person legally appointed to manage the rights and/or property of a person incapable of taking care of his or her own affairs. A "guardian ad litem" is appointed by the court to prosecute or defend an action for a minor. Also known as a "conservator."

Heir. A person entitled to inherit a portion of the estate of a person who has died without a will.

Interest. Any right in a property.

Intestate. Dying without a will.

Joint ownership. The ownership of property by two or more persons, usually with the right of survivorship.

Life insurance trust. A trust that has the proceeds of a person's life insurance policy as its principal.

Living trust. A trust that goes into effect while the trust creator is still living.

Power of appointment. The authority given by one person to another under a trust agreement or will to decide who will receive and enjoy an interest in property.

Power of attorney. A document which authorizes a person to act as another person's agent.

Probate. The proving of the validity of a will.

Probate court. A court with the power to probate wills and settle estates.

Probate estates. Those estate assets which fall within the jurisdiction of the probate court before being transferred to another person. Life insurance proceeds, for example, are not generally part of the probate estate.

Successor Trustee or Executor. An individual or institution which takes the place of a Trustee or Executor who can no longer hold office.

Testator. A person who makes or who has made a will.

Testamentary trust. A trust established in a will which begins after the testator's death.

Trust. A legal relationship where property is transferred to and managed by another person (the Trustee) or institution for the benefit of another person.

Trust agreement. The document which creates a trust and establishes the rules which control the trust's management.

Trustee. The person or institution entrusted with the duty of managing property placed in the trust. A "Co-Trustee" serves as Trustee with another. A "Contingent Trustee" becomes Trustee upon the occurrence of a specified future event.

Will. A legally executed document which explains how and to whom a person would like his or her property distributed after death.