Annuities

You can transfer your annuities through use of beneficiary designations, first (but not always) to your spouse (or if none, to another person of your choosing), then to other persons (your children, parents, siblings?) in equal or unequal shares as secondary beneficiaries.

Vehicles (includes RVs, motorcycles, ATVs, trailers and watercraft)

Title them as joint tenants with right of survivorship when possible. When the vehicles are paid off, you can also sign the back of the title as if to transfer it, but DO NOT date the title document (until you actually sell or transfer the title). This will make the title "bearer paper" that can be transferred by anyone who has it in their possession, so secure those documents so they don't fall into the wrong hands.

Don't date the title if you sign it. Some states require you transfer a vehicle title at the Department of Motor Vehicles (DMV) within a certain number of days after the title is signed and dated. If you don't date the title after you sign it, whoever acquires it from you at your death can fill in the date and then take the title to the DMV and put it in his/her name. You will need to leave instructions as to who you want to receive any vehicles that you transfer using this method.

DMV Affidavit. If the only item outside of probate is a vehicle, DMV lets you transfer the vehicle with an Affidavit form that must be signed by ALL of the heirs. If every heir doesn't agree, this won't work.

Real Property

Hold real property as JTWROS. Different states use different names for this, especially in the case of spouses. With spouses, the phrase "husband and wife" or as "tenants by the entirety" following the names of the spouses, indicates that the real property is held as JTWROS between the spouses.

Transfer on Death Deed. In addition to holding your real property as JTWROS, if your state has a form of Transfer on Death Deed, you can use it to transfer your real property on your death (or the death of the last surviving joint tenant with right of survivorship) without going through probate. Otherwise, you will have to go through a probate proceeding in every state where you own real property. Check each state where you own real property to see if they have this form of holding (JTWROS) and transferring (TODD) real property. The TODD has two advantages: 1) it passes real property without going through a private proceeding (you just have to file an original death certificate of the deceased with the real estate recording office in the county where the real property is located); and 2) the property receives a step up in basis, which means that the value to the person who receives it at your death, is the fair market value of the property as of the date of your death.

Example, You bought a home for $80,000 but at your death it's worth $200,000. If you give it away at your death, whoever receives it receives a value of $200,000. If they sold it the next day for $200,000, they would have no gain on the sale and pay no tax on the proceeds of the sale. But, if you gave the house away during your lifetime and the new owner later sold it for $200,000, they would pay tax on $120,000 of gain. The basis they acquired in the property from you is called a carryover basis. There are exceptions to declaring gain if the real property is used as your primary residence for 2 of the 5 years prior to the sale. Bottom line: resist transferring highly appreciated assets during your lifetime for less than fair market val-

TIPS ON HOW TO UTILIZE PROBATE SUBSTITUTES TO AVOID PROBATE WITH SOME OF YOUR ASSETS

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Wills and Probate

If you have a Will as the centerpiece of your estate plan, you have virtually guaranteed that your estate is going to have to be administered through one or more probate proceedings after you die. Probate is a long drawn out public court proceeding in which a personal representative (also known as an executor — the person who represents your estate during the probate proceeding) works under the direction of a court to pay off your creditors, settle any disputes, and transfer your property to those people you want it to go to. This requires that your Will becomes a public document for all to see, and that a publicly accessible inventory of your assets with estimated values is filed with the court for all to see. Your executor also has to ask the court permission to distribute your assets and then report who got what, again, documents that the public has access to see. These proceedings usually take more than a year to complete before assets can get distributed, and are very expensive because the attorney who works on your probate estate will charge a large sum for this post-death court proceedings (and you aren't there to complain about the cost). Then the lawyer asks the court's permission to collect their fee, so everyone knows what your estate had to pay for the privilege of giving your things away to people you wanted to get it in the first place.

GOOD NEWS: In a lot of cases, you can avoid going through probate with most, if not all, of your assets, just by knowing how property distributions work. Below are a few ways that you can transfer some of your biggest assets without having to go through probate. This may not avoid probate altogether (you may need a Revocable Living Trust to do that) but it can get these assets transferred immediately upon your death, without making them public, without court intervention, without a long waiting period, and without huge legal fees. Read the following and then put these methods into place, even if you have a Will.

Bank Accounts

Hold your bank accounts (checking, savings, money markets, certificates of deposit) as **"Joint Tenants With Right of Survivorship" (JTWROS**), most often with your spouse. You can hold it joint with survivorship with others too, but keep in mind that if you pass away, the joint owner receives the balance in the account, regardless of your intention.

Caution: If you arrive at a "side" agreement with your joint owner to give some or all of the funds to someone else, upon your death, they're not legally bound to honor that agreement. Make sure you only place persons on your account as JTWROS if you completely trust them to carry out your wishes. You can also hold safe deposit boxes as JTWROS, but the joint owner has to be on the account's signature card AND have a key for the box, or know where it's located. Otherwise, a locksmith will have to drill the lock out, and you will have to pay for a new lock.

Automatic Transfer of your Bank Accounts on your Death: In addition to holding your bank accounts as JTWROS, you can and should use a "Payable on Death" (POD) or "Transfer on Death" (TOD) designation to direct that the account goes to other people you want it to go to automatically on the death of the last joint owner. After the last owner of the account passes away, the POD or TOD designation directs that the account gets paid out without any court proceedings to one or more individuals who you designate, with the option to designate one or more alternates if your first choice does not survive you. The POD/TOD designation is done on the signature card of your bank account. To make this change or addition, you will have to change your signature cards with each of your banks.

Affidavit of Heirship. Oregon allows a family member to complete an affidavit for deposit accounts of $25,000 or less, to collect those funds without a probate proceeding. ORS 708A.430.

Life Insurance

You should use beneficiary designations for your life insurance (including SGLI), indicating who your first choice (primary) of beneficiaries is, then who your alternate (secondary) choice of beneficiaries is. Every life insurance company will have new beneficiary designation forms that you can fill out. Most make them available online.

Tip: Many credit unions and banks will issue $1,000 to $5,000 complimentary life insurance policies in an effort to get you to purchase larger policies from them. Make sure that you keep track of these policies and complete beneficiary designations for those policies too.

IRAs

In order to protect your tax-preferred (deferred) status with your traditional IRAs, create rollover IRAs by using beneficiary designations. Most people if married will name their spouse as a first option, but if you don't have a spouse, you can name someone else you want to receive your IRA, then name as many secondary beneficiaries as you want, in equal or unequal percentages to those persons who you designate.

401Ks - Same as IRAs.

Investment Accounts and Stock ((Non Tax Deferred)

Ideally you should hold these accounts as JTWROS when possible. Then use beneficiary designations, usually to your spouse first (if not already on the account as JTWROS), then in equal (or unequal) shares to others (most often your children, parents or siblings) as secondary beneficiaries.