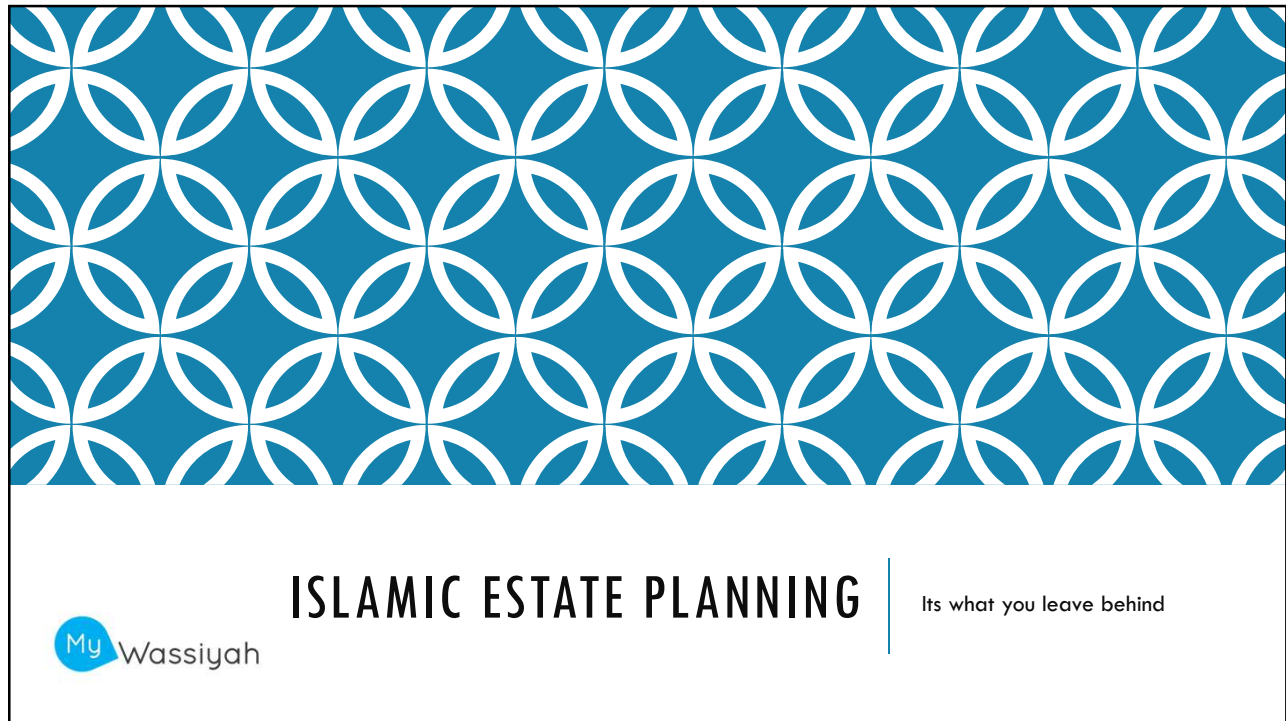




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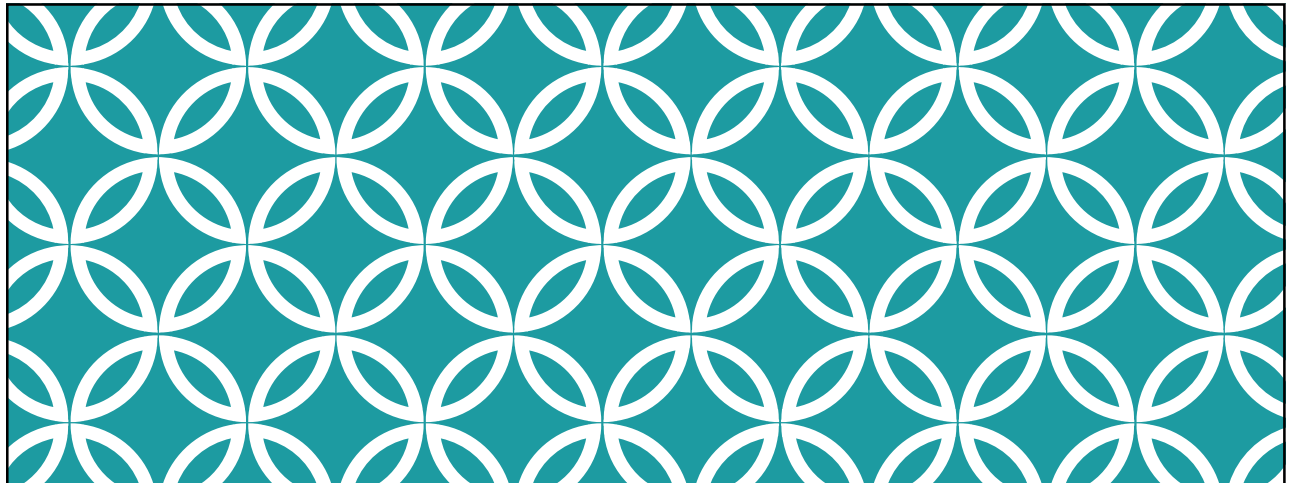
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A NECESSARY CONVERSATION

1. I have an estate plan.
2. These are my health proxies.
3. This is what quality of life means to me.
4. My thoughts on life support.
5. What did you hear (mirroring)



THE ESTATE PLANNING PROCESS

THE IMPORTANCE OF ESTATE PLANNING

- You can take care of your loved ones after you die
- Your wealth will go to those you want it to go to.
- You can achieve your personal goals even after you are gone
- You can reduce significantly the taxes paid by proper planning



PRINCIPLES OF PROPER ESTATE PLANNING

1. Understand yourself, your personal and family goals, your budget, and your needs
2. Understand the applicable laws
3. Start early and get qualified legal help
4. Remember the key principles of finance: ownership, stewardship, agency, and accountability



WHAT SHOULD AN ESTATE PLAN DO?

- Guardianship for your children
- Charitable Gifting to individuals and organizations
- Family Directives to your loved ones
- Trusts to protect certain asset classes
- Community Property Documents to ease the division of marital property
- Dispose of your property as you wish
- Appoint power of attorney in case of your physical or mental impairment
- Minimize estate and inheritance taxes
- Minimize settlement costs, including legal and accounting fees



ISLAMIC ESTATE PLANNING?

“Prescribed for you, when any of you is visited by death, and he leaves behind some goods, is to make testament in favor of his parents and kinsmen honorably -- an obligation on the godfearing.”

[Quran 2:181]



ISLAMIC ESTATE PLANNING?

"It is not permissible for any Muslim who has something to will, to stay for two nights without having his last will and testament written and ready with him."

[Sahih Bukhari]

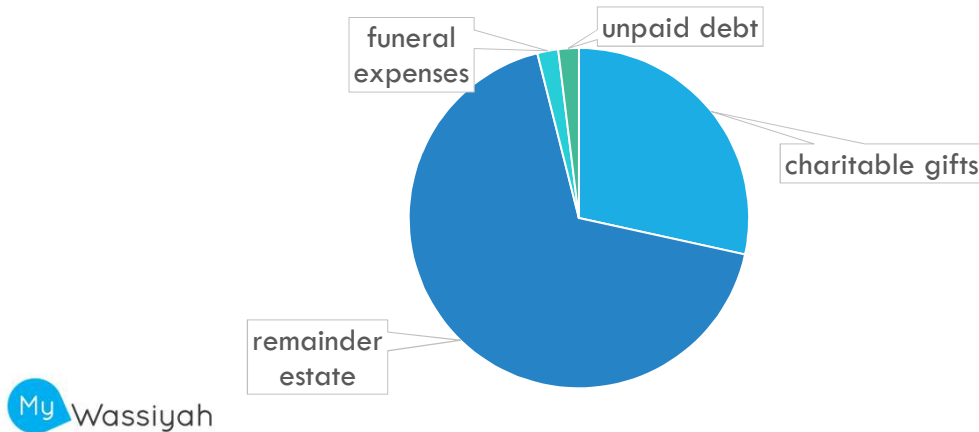


WHAT SHOULD AN ISLAMIC ESTATE PLAN INCLUDE?

1. Family Declaration
2. Legally Valid, Shariah Compliant Will
3. Advanced Medical Directive
4. Durable Power of Attorney
5. A Trust (if needed)
6. Marital Property Agreement



HOW IS YOUR ESTATE DIVIDED?



FUNERAL EXPENSES AND DEBTS

- Debts must be paid before the inheritance is distributed.
- Funeral expenses should be paid out of the estate before the inheritance is distributed.
- How is an unpaid bridepurse (Mehr) handled?

CHARITABLE GIFTING

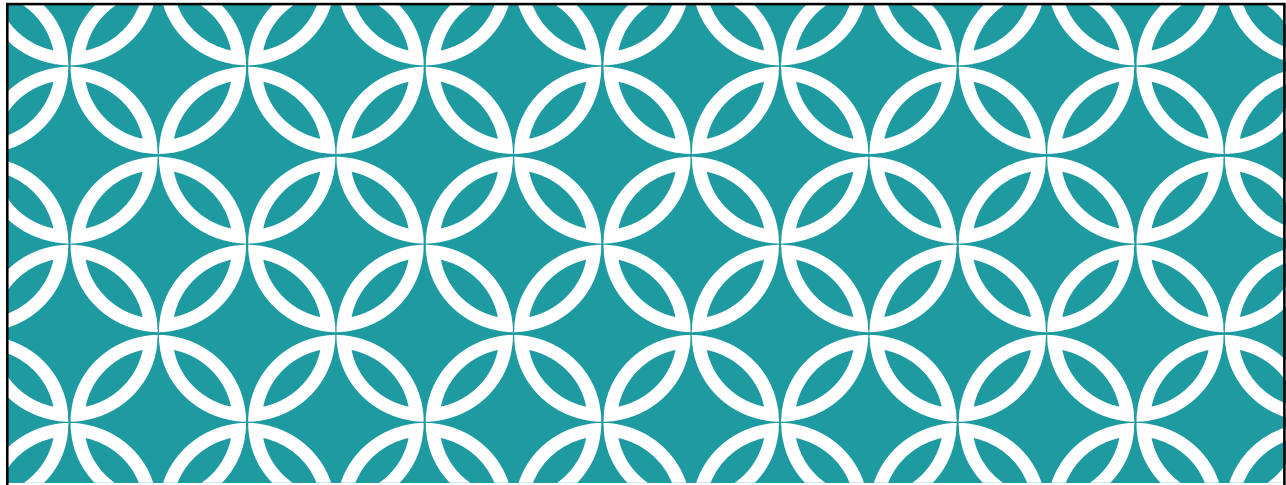
- This is called “Wassiya” in Islamic legal texts.
- This is restricted to 1/3 of the remainder estate.
- Anyone who is not an inheritor may receive from this portion.
- This may be given to individuals, organizations, or charitable causes.
- Can an inheritor receive both inheritance of the remainder AND a gift?



REMAINDER ESTATE

- This is where mawarith/rules of inheritance apply
- Those who cannot inherit from this portion:
 - Those guilty of murdering the deceased, those enslaved, and those of a different faith.
- Those that do inherit:
 - Quota-based inheritors: They take a percentage designated in the Quran.
 - Residual Inheritors: They take the remainder or share with a Quota-based inheritor.





THE IMPORTANCE OF WILL & PROBATE

REQUIREMENTS OF A VALID WILL

- Mental competence
- Under no undue influence from another person
- Will must conform to the state laws

WHAT IS PROBATE

Probate is a matter of state law.

It is the matter of administering the portion of the client's estate that is disposed of in either (a) will provisions (for those with a valid will) or (b) intestate succession (for those who die without a will).



WAYS TO AVOID PROBATE (1)

- Joint ownership
 - Tenancy by the entirety
 - Joint tenancy with the right of survivorship
 - Tenancy in common – the will controls distribution of deceased's share
 - Community property -- state law and will control distribution of the property



WAYS TO AVOID PROBATE (2)

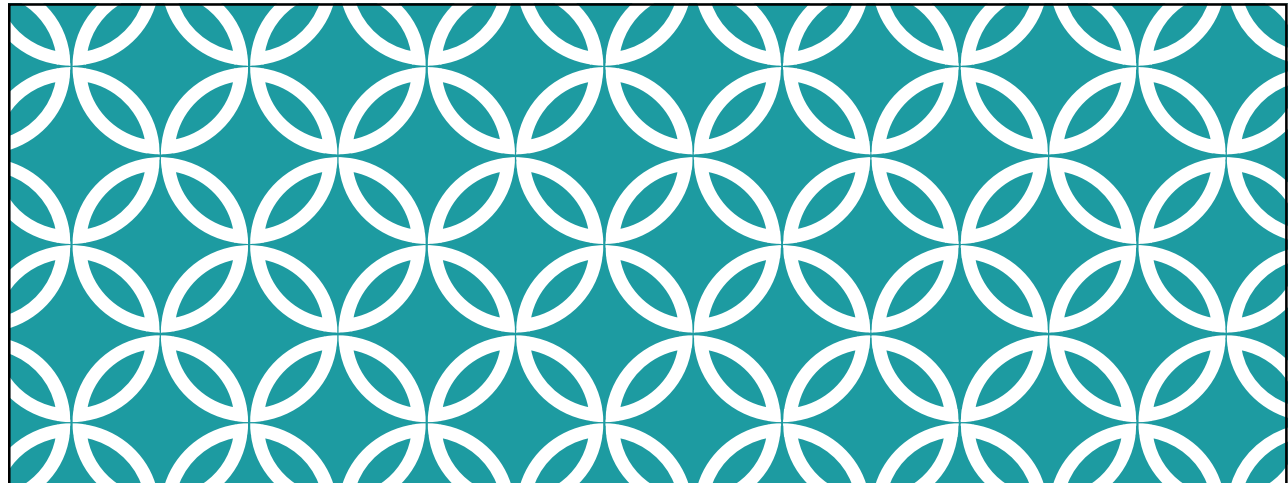
Gifts

- Exception for life insurance policies
- Unlimited gift tax exclusion on payments made for medical and educational expenses
- Charities

Naming beneficiaries in contracts

Trusts

- Living -- take effect before death
- Testamentary -- take effect upon death



TRUSTS AND HOW THEY ARE USED

WHAT IS A TRUST?

A trust is a legal contract.

When you create a trust you are simply creating another legal entity.

Not everyone needs a trust. Depending on your net worth and the needs of your children, you may not need one at all.

Trusts help protect wealth



WHO NEEDS A TRUST?

- Those who have estate, including investments, property, etc. that is worth more than the estate tax limit for that year
- Those who want to avoid probate
- Those who have specific desires or goals for the management and disbursements of your assets
- Those who want to leave an inheritance to children from a prior marriage
- Those who have a child or relative with a handicap or disability who requires additional care



WHAT ARE THE BENEFITS OF TRUSTS?

- Avoid probate, i.e. having to go through the court system where everything is open to public view
- Are much more difficult to challenge than wills
- Reduce estate taxes
- Allow for professional management
- Provide for confidentiality
- Can be used to provide for children with special needs
- Can be used to hold money until a child reaches maturity
- Can assure that children from a previous marriage will receive some inheritance in the future



WHAT TYPES OF ASSETS CAN TRUSTS HOLD?

- **Real property:** home, properties, real estate, land, out of state property, liability and title insurance, property taxes, transfer tax, rental real estate
- **Financial assets:** credit cards, notes you owe, mortgages, loans, checking, savings, pay-on-death accounts, certificates of deposit, credit union accounts, safe deposit boxes, stocks, bonds, mutual funds, savings bonds
- **Real assets:** boats, automobiles, motorcycles, recreational vehicles other vehicles
- **Insurance:** life insurance, self-provided insurance
- **Businesses:** sole proprietorships, limited partnerships, closely-held corporation, subchapter S corporation, corporations, limited liability companies, general partnership interests,
- **Other assets:** personal untitled property, copyrights, patents, royalties, oil and gas interests, club memberships, foreign assets.



WHAT ARE THE DIFFERENT TYPES OF TRUSTS?

- 1. Living Trust:
 - Assets placed in trust while you are still living
 - You can take them out and move them according to what you want to do
- 2. Testamentary Trust:
 - Assets are placed in trust after you die
 - The trust is created after probate according to your will



WHAT IS A REVOCABLE LIVING TRUST?

- It is the most common type of living trust. It is a trust which allows for unlimited control by the trust's owner, because the owner retains title to all the assets in the trust.
- What are the advantages?
 - They do not pass through probate.
 - They provide greater ease and privacy of distribution upon death.
- What are their disadvantages
 - They do not provide any tax advantages.



WHAT IS AN IRREVOCABLE LIVING TRUST?

- A trust that cannot be changed by the owner once established, because the trust becomes another legal entity which owns all the assets contained in the trust and pays taxes on the assets and gains they produce.
- What are the advantages?
 - The assets are not subject to estate taxes since they are not part of your estate
 - Assets in the trust do not pass through probate.
- What are the disadvantages?
 - The owner no longer has title or use of any of the assets



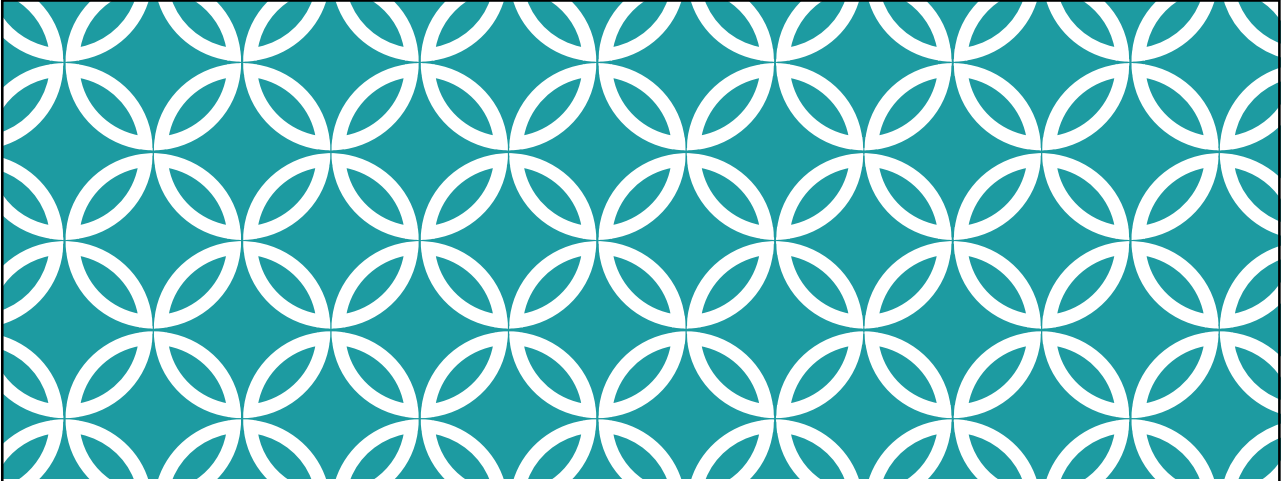
WHAT ARE TESTAMENTARY TRUSTS?

- A trust in which assets are placed in trust only after you die. The trust is created after probate according to your will, and the assets are transferred into the trust.



HOW DO I SET UP A TRUST?

- Do you have a net-worth of 5 million dollars or more?
- Consult with a qualified estate planning lawyer
 - Do your homework to make sure they are good
- Transfer assets to the trustee of the trust
 - A trust is worthless until there has been a transfer of asset
- How much will it cost?

A decorative banner with a repeating geometric pattern of interlocking circles in teal and white.

**ADVANCED MEDICAL DIRECTIVES
& POWER OF ATTORNEYS**

DURABLE POWER OF ATTORNEY

- Provides for someone to act on your behalf in the event you should become mentally or physically incapacitated.
- This document is separate from the will and goes into effect before death. This document should be very specific as to which legal powers it transfers.



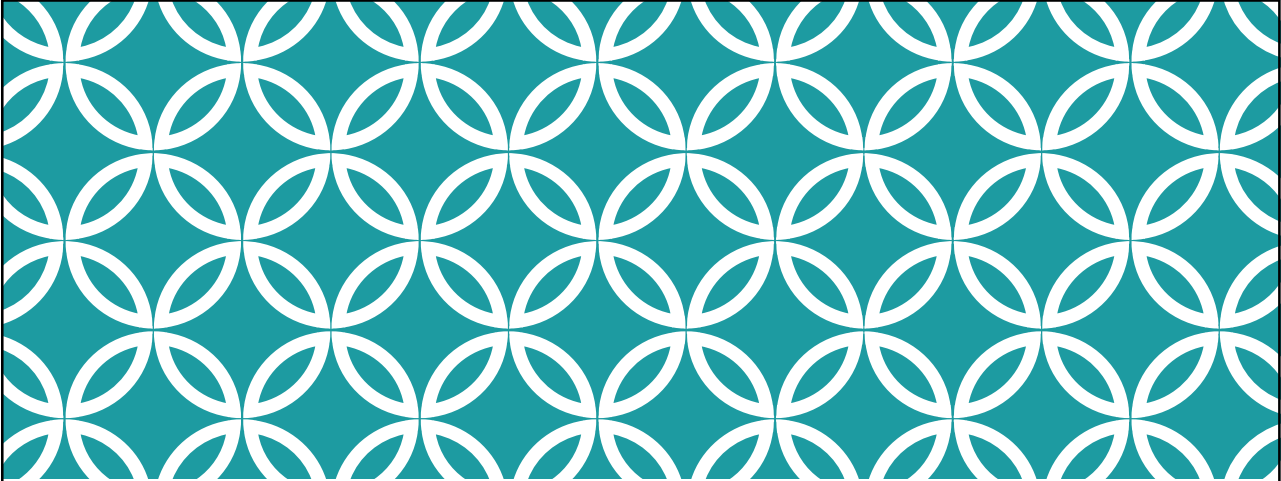
THE CODICIL

- Institutes minor changes in the original will
- Must be signed, witnessed, and attached to the original will
- Note: If the changes are major then a new will should be drafted.



ADVANCED HEALTH CARE DIRECTIVE

- Also known as a Living Will
- It is a legal document that details your end-of-life wishes for health care
- It is used when you are still alive but unable to make health care decisions for yourself
- A living will states your wishes regarding medical treatment in the event of a terminal illness or injury
- Related: Health Care Proxy

A decorative banner featuring a repeating pattern of interlocking circles in white on a teal background.

WHAT IS A FAMILY DECLARATION

AN ISLAMIC TRADITION

Leave advice to your family to remember Allah,
adhere to faith, care for one another, etc.

Famous Examples: Imam Abu Hanifa, al-Ghazali,
Abul-Walid al-Baji

Say the things you can't now.



Islamic Estate Planning Online



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