

Paperwork Glossary of Terms

Administration – The process of managing and settling a deceased person's estate, including collecting assets, paying debts, and distributing the remaining property to heirs or beneficiaries.

Administrator or Estate Administrator – A person appointed by a court to manage the estate of a deceased individual who did not leave a valid will (intestate).

Advanced Healthcare Directive or Living Will – A legal document specifying an individual's preferences for medical treatment if they become unable to communicate or make decisions.

Agent or Attorney-in-Fact – A person authorized through a power of attorney to act on behalf of another in financial, legal, or healthcare matters.

Alternate Beneficiary or Contingent Beneficiary – A person or entity designated to receive assets if the primary beneficiary cannot or does not claim them.

Annual Exclusion – The amount that can be given as a gift each year without incurring federal gift tax consequences.

Applicable Exemption Amount or Estate Tax Exemption Amount or Unified Credit – The portion of an estate that is exempt from federal estate tax, allowing individuals to transfer assets tax-free up to a set limit.

Appraise – To determine the fair market value of an asset, often for estate tax, probate, or sale purposes.

Ascertainable Standard – A legal guideline that limits a trustee's discretion in distributing trust assets, often based on health, education, maintenance, or support (HEMS).

Assets – Any property, including real estate, investments, and personal belongings, owned by an individual or estate.

Augmented Estate – The total value of a deceased person's estate, including certain non-probate assets, used to calculate a surviving spouse's elective share.

Beneficiary or Devisee or Heir – A person or entity entitled to receive assets from an estate, trust, or will.

Bequest or Devise – A gift of personal property (bequest) or real property (devise) left in a will.

Buy-Sale Agreement – A contract outlining the terms for the transfer of a business interest upon an owner's death, retirement, or disability.

Bypass Trust or Credit Shelter Trust or Family Trust – A trust designed to allow a married couple to maximize their estate tax exemptions by preserving assets for heirs.

Certificate of Trust – A document that provides proof of a trust's existence and outlines the trustee's authority without revealing full trust details.

Charitable Lead Trust – A trust that provides income to a charity for a specified time, with remaining assets eventually passing to non-charitable beneficiaries.

Charitable Remainder Trust – A trust that pays income to an individual beneficiary for a period, after which the remainder passes to a charity.

Charitable Trust – A trust created for the benefit of a charitable organization or purpose, often providing tax benefits to the donor.

Closing Letter – A document from the IRS or a state tax authority confirming that estate tax matters have been settled.

Codicil – A legal document that modifies, amends, or supplements a will without replacing it.

Common Trust – A pooled investment fund managed by a financial institution for the benefit of multiple trusts.

Community Property – A form of joint property ownership where assets acquired during a marriage are equally owned by both spouses.

Community Property State – A state where community property laws apply, meaning assets acquired during marriage are jointly owned, such as California and Texas.

Conservator – A person appointed by a court to manage the financial or personal affairs of an incapacitated individual.

Contest – A legal challenge to the validity of a will or trust, often based on claims of fraud, undue influence, or lack of capacity.

Corporate Trust – A trust managed by a financial institution acting as trustee for various purposes, including estate planning and investments.

Corpus or Principal – The assets initially placed into a trust, separate from any income the trust generates.

Creditor – A person or entity to whom money is owed by an estate or individual.

Custodian – A person or institution responsible for managing assets on behalf of another, such as a minor under the Uniform Transfers to Minors Act (UTMA).

Deceased or Decedent – A person who has passed away.

Deed – A legal document transferring ownership of real estate from one party to another.

Devise – The transfer of real property through a will.

Disclaim – The formal refusal to accept an inheritance, often for tax planning purposes.

Discretion – The authority granted to a trustee or executor to make decisions based on their judgment.

Distribution – The transfer of estate or trust assets to beneficiaries according to a will, trust, or legal process.

Durable Financial Power of Attorney – A legal document granting an agent authority to handle financial matters, remaining effective even if the principal becomes incapacitated.

Durable Power of Attorney for Asset Management – A document giving an agent authority over financial and property matters even if the principal is incapacitated.

Durable Healthcare Power of Attorney – A legal document allowing an appointed agent to make medical decisions on behalf of the principal.

Healthcare Proxy or Medical Power of Attorney – A document designating a person to make medical decisions for someone who is unable to do so.

Durable Power of Attorney – A power of attorney that remains in effect even after the principal becomes incapacitated.

Elective Share or Spousal Share – The portion of a deceased spouse’s estate that the surviving spouse is legally entitled to claim, even if omitted from the will.

Estate – All assets, liabilities, and property owned by a deceased person at the time of death.

Estate Planning – The legal process of arranging for the management and distribution of one’s assets upon death or incapacity.

Estate Tax – A tax imposed on the transfer of an estate’s assets upon death, subject to exemptions and federal/state laws.

Executor or Personal Representative – A person appointed in a will or by a court to manage and settle a deceased person’s estate.

Exempt Property – Assets that are legally protected from creditors or certain claims in an estate.

Family Trust Company – A private entity established to manage the wealth and estate planning needs of a single family.

Federal Estate Tax Exemption Amount – The maximum value of an estate that can be transferred tax-free under federal law.

Fiduciary – A person or institution with a legal obligation to act in the best interests of another, such as a trustee or executor.

Financial Guardian or Guardian of the Estate or Conservator – A person appointed to manage an incapacitated person’s financial affairs.

Funding – The process of transferring assets into a trust to ensure proper management and distribution.

Generation-Skipping Transfer Tax (GSTT) – A federal tax on gifts and bequests made to individuals more than one generation younger than the donor, such as grandchildren.

Gift – A voluntary transfer of assets without compensation, which may be subject to gift tax regulations.

Grantor or Trustmaker or Trustor or Settlor – A person who creates a trust and transfers assets into it.

Gross Estate – The total value of a deceased person’s assets before deductions for debts, expenses, and exemptions.

Guardian or Guardian of the Person or Conservator – A court-appointed individual responsible for the personal and medical decisions of a minor or incapacitated person.

Guardian of the Estate – A person appointed to manage the financial affairs of a minor or incapacitated individual.

Guardian of the Person – A person responsible for making personal and healthcare decisions for a minor or incapacitated person.

Health Care Proxy – A document designating an agent to make medical decisions if the principal is unable to do so.

Heir at Law – A person entitled to inherit assets under state intestacy laws if no will exists.

Holographic Will – A will written entirely in the testator’s handwriting and signed, often without witnesses.

Homestead Exemption or Homestead Allowance – A legal provision protecting a portion of a person’s primary residence from creditors or estate claims.

Incapacity or Incompetence – The legal determination that a person is unable to manage their affairs due to physical or mental impairment.

Income – Earnings generated by estate or trust assets, such as rent, dividends, or interest.

Independent Administration – A probate process that allows an executor to administer an estate with minimal court supervision.

Inheritance Tax – A state-imposed tax on assets received by heirs or beneficiaries, separate from estate tax.

Inheritor – A person who receives property or assets from an estate, whether through a will, trust, or intestacy laws.

Insurance Trust – An irrevocable trust designed to own life insurance policies to exclude their proceeds from an estate for tax purposes.

Inter Vivos – Latin for “between the living”; refers to transactions, gifts, or trusts created during a person’s lifetime.

Interest of a Beneficiary – The rights a beneficiary has in an estate or trust assets, as specified by the legal document governing it.

Intestacy or Intestate – The legal condition of dying without a valid will, resulting in estate distribution according to state laws.

Issue – Direct descendants of an individual, including children, grandchildren, and further generations.

Joint Ownership – Ownership of property by two or more individuals, with rights and responsibilities shared according to the ownership structure.

Joint Tenancy with Right of Survivorship (JTWROS) or Joint Ownership with Right of Survivorship – A form of joint ownership where, upon one owner’s death, their share automatically transfers to the surviving owner(s).

Life Beneficiary – A person entitled to receive income or benefits from a trust for their lifetime before assets pass to remainder beneficiaries.

Living Trust – A trust created during a person’s lifetime to manage assets, often revocable and used for estate planning.

Living Will – A legal document specifying medical treatment preferences in case of incapacitation.

Marital Deduction – A tax provision allowing an unlimited transfer of assets between spouses without estate or gift tax consequences.

Medical Power of Attorney – A legal document designating someone to make healthcare decisions on behalf of an incapacitated individual.

Minor – A person under the legal age of majority, typically 18 or 21, depending on state law.

Modern Per Stirpes – A method of distributing an estate where each branch of a family receives an equal share, ensuring fair inheritance among descendants.

Net estate – The remaining value of an estate after debts, taxes, and expenses have been deducted.

No contest clause – A clause in a will or trust that disinherits a beneficiary if they challenge the document.

Nuncupative will – An oral will, typically made in urgent situations, which may be recognized in some jurisdictions under specific conditions.

Paperwork and Textiles LLC – A business entity, presumably involved in document preparation and textile services.

Payable on death (POD) or transfer on death (TOD) – A designation that allows assets to be transferred directly to a named beneficiary upon the owner's death, bypassing probate.

Per capita, per capita at each generation – A method of distributing an estate where each living member of a specified group receives an equal share.

Per capita with representation (modern per stirpes) – A distribution method where each branch of a deceased heir's family receives an equal share, rather than individual descendants.

Per stirpes – A method of distributing an estate where descendants inherit a deceased ancestor's share, ensuring assets pass down family lines.

Personal property – Moveable property owned by an individual, excluding real estate.

Personal representative or executor – The individual responsible for managing an estate according to a will or court order.

Pour-over will – A will that transfers remaining assets into a trust upon the testator's death.

Principal or corpus – The main assets of a trust or estate, excluding generated income.

Private trust company or family trust company – A company formed to manage the trusts of a single family, providing fiduciary services.

Probate – The legal process of validating a will and distributing an estate.

Probate estate – The portion of a deceased person's estate that goes through probate, as opposed to assets that pass directly to beneficiaries.

Probate fees – Fees associated with the probate process, including court costs, legal fees, and executor compensation.

Real property or real estate property – Land and structures permanently attached to it, such as buildings and homes.

Recipient – A person or entity designated to receive an asset or benefit.

Residuary estate, residual estate, residue – The portion of an estate left after all debts, expenses, and specific bequests have been settled.

Revocable trust – A trust that can be modified or terminated by the trustmaker during their lifetime.

Separate property – Assets owned individually by a spouse, typically acquired before marriage or through inheritance/gift.

Separate property state – A state where spouses keep their individual property acquired before or during marriage unless jointly owned.

Separate trust – A trust established by an individual rather than jointly with a spouse.

Settle an estate – The process of distributing a deceased person's assets, paying debts, and finalizing legal matters.

Settler or settlor – The individual who creates a trust and transfers assets into it.

Spousal share – The portion of an estate that a surviving spouse is legally entitled to receive.

Successor trustee – The person or entity designated to take over management of a trust after the original trustee is unable or unwilling to serve.

Surviving spouse – The spouse who outlives their partner.

Takers of last resort – Individuals or entities that inherit if no designated beneficiaries remain.

Transfer tax – A tax imposed on the transfer of property, either during life (gift tax) or at death (estate tax).

Trust – A legal arrangement where a trustee holds and manages assets for the benefit of designated beneficiaries.

Trust company – A financial institution that manages trusts and estates on behalf of individuals and organizations.

Trustee – The individual or entity responsible for managing a trust's assets and carrying out its terms.

Trustmaker – The person who creates a trust; also known as the grantor or settlor.

Trustor – Another term for the trustmaker, the individual who establishes a trust.

Unfunded – A trust that has been legally established but has no assets transferred into it.

Unified credit – A tax credit that offsets estate and gift taxes, allowing individuals to transfer a certain amount tax-free.

Uniform Transfers to Minors Act (UTMA) – A law allowing minors to receive gifts or inheritances, managed by a custodian until they reach adulthood.

Ward – A person under legal guardianship, often due to incapacity or minority status.

Will – A legal document specifying how an individual's assets should be distributed upon their death.