

Estate Planning Glossary: Common Terms in Wills & Trusts

1. Will (Last Will and Testament)

A legal document that outlines how your assets should be distributed after death and names guardians, executors, and beneficiaries.

2. Trust

A legal arrangement that allows a third party (the trustee) to hold and manage assets on behalf of beneficiaries, either during life or after death.

3. Beneficiary

A person or organization who will receive money, property, or other assets from your estate, will, trust, or life insurance.

4. Heir

A person legally entitled to inherit property under state law when someone dies without a will.

5. Executor (or Personal Representative)

The person named in a will who is responsible for managing the estate, paying debts, and distributing assets according to the will.

6. Trustee

The person or institution responsible for managing a trust and distributing assets to the beneficiaries according to the terms of the trust.

7. Grantor (or Settlor or Trustor)

The person who creates a trust and transfers assets into it.

8. Guardian

A person legally appointed to care for minor children or dependents in the event of a parent's death or incapacity.

9. Probate

The legal process of proving a will's validity in court and overseeing the distribution of the estate. Can be time-consuming and public.

10. Intestate

Dying without a valid will. When this happens, the state decides how your assets are divided.

Key Terms Found in Wills & Trusts

11. Bequest (or Legacy)

A gift of personal property or money given through a will. (e.g., "I leave \$5,000 to my niece.")

12. Devise

A gift of real estate made through a will.

13. Residuary Estate

Whatever remains of your estate after debts, taxes, expenses, and specific gifts are distributed.

14. Specific Gift

An item or amount of money left to a particular person (e.g., "My wedding ring goes to my daughter").

15. Contingent Beneficiary

Someone who will receive assets **only if** the primary beneficiary is unable to (e.g., if they've already passed away).

16. Per Stirpes

A way of distributing an estate so that if a beneficiary has died, their share goes to their descendants (children), not the other beneficiaries.

17. Per Capita

An equal distribution among surviving beneficiaries at the same level of relationship (e.g., all children split the inheritance equally).

18. Revocable Trust (Living Trust)

A trust that can be changed or canceled during your lifetime. Often used to avoid probate and manage assets during incapacity.

19. Irrevocable Trust

A trust that cannot be changed once created (or is very difficult to change). Often used for tax planning or asset protection.

20. Pour-Over Will

A type of will used in conjunction with a trust that directs any remaining assets to be transferred ("poured over") into your trust after your death.

Other Useful Terms

21. Power of Attorney (POA)

A legal document that authorizes someone to make financial or legal decisions on your behalf while you are alive.

22. Healthcare Power of Attorney

A document that names someone to make medical decisions for you if you are unable to speak for yourself.

23. Living Will (Advance Directive)

A document that states your wishes regarding life-sustaining medical treatment if you are terminally ill or unconscious.

24. Fiduciary

A person legally required to act in someone else's best interest (e.g., executor, trustee, or agent under POA).

25. Codicil

An amendment or supplement to an existing will that makes changes without rewriting the entire document.