



GLOSSARY

Compiled by Carolyn
Paseneaux

AB TRUST – A trust giving a surviving spouse or mate a life estate interest in property of a deceased spouse or mate. It is used to save eventual taxes on the estate. Sometimes called a “spousal bypass trust”, a “credit shelter trust” or an “exemption trust”.

Abatement – Cutting back certain gifts under a will when it is necessary to meet expenses, pay taxes, and satisfy debts or other items that have a priority under the law or as per the will.

Administration (of an estate) – The court supervised distribution of the probate estate of a deceased person. The person who manages the distribution is usually called the executor when there is a will, and called an administrator if there is no will.

Administrator – The person appointed to manage the estate of the decedent who did not have a will or appointed executor.

Adult – Any person 18 or older.

Affidavit – A written statement made under oath.

Annual Exclusion – The amount under the Federal Gift Tax law allowing a donor to give to a donee per year without paying taxes on that amount.

Annuity – Payment of a fixed sum of money to a specified person on a regular basis by contract or agreement. The contract or agreement usually lasts for the person’s lifetime, but can be for a specified term of years.

Beneficiary – A person or entity that is legally entitled to receive gifts under a legal document such as a will, a trust, retirement program. A primary beneficiary is one who is certain to benefit from a will or trust. A contingent beneficiary may or may not become a beneficiary depending on the terms of the will or trust, and what happens to the primary beneficiary.

Bond – A document guaranteeing that a certain sum of money will be paid to those injured if a person in a position of trust (an executor, trustee, or guardian) does not carry out their legal/ethical responsibilities.

Business Structures- These are forms of ownership that can be either public or private (ex: C or S corporations, sole ownership, Limited Liability Companies, and partnerships)

Charitable Trust – A trust used to make a substantial gift to a charity, and also to achieve income and estate tax savings for the grantor.

Children’s Trust – A trust created for a minor child or young adult.

Codicil – A separate legal document that changes a will after it is signed and witnessed.

Conservator – A person appointed by a court to manage the affairs of a mentally incompetent person.

Contract – An agreement between two or more people to carry out specific duties, that is either oral or written.

Death Taxes – Taxes levied on the property of the person who died.

Descendant – A person who is a progeny, however far removed, of a certain person or family.



Disclaimant – An individual who refuses to accept property that has been gifted or left to them by some written instrument. The beneficiary renounces their right to receive the property

in question.

Distribution – The passing of personal property to the beneficiaries of an individual who has passed away.

Domicile – The state or country where one has his or her primary home.

Donee- The individual who receives the gift.

Donor – The individual who gives a gift.

Dower and curtesy – The right of a surviving spouse to receive or enjoy the use of a set portion of a deceased spouse's property in the event the surviving spouse is not left at least a third or one half and chooses to take against the will. Dower refers to what a surviving wife gets, and curtesy refers to what a surviving man gets.

Durable Power of Attorney – A power of attorney which remains effective even if the person who created it (the principal) becomes incapacitated. The person authorized to act (the attorney-in-fact) can make healthcare decisions and handle the financial affairs of the principal.

Encumbrances – If property is used as collateral for payment of a debt or a loan, then the property is encumbered. The debt must be paid off before it can pass to a new owner.

Equity – The difference between the current fair market value of the property and the amount owed, if any.

Escheat – Property that goes to state government because there are no legal inheritors to claim it.

Estate – This refers to all the property that is owned when an individual dies.

Estate Taxes – Taxes imposed on property as it passes from the deceased to the beneficiary.

Executor (Personal Representative) – The person named in a will to manage the deceased estate, deal with the probate court, collect and distribute assets as specified by the will.

Financial Beneficiaries – People or institutions designated to receive life estate trust property outright upon the death of a life beneficiary.

Formula AB Trust – A trust funded with an amount no larger than the personal federal estate tax exemption as of the year of death.

Future Interest – A right to property which cannot be enforced in the present, but can at some future time.

Generation-skipping Trust – An estate tax-saving trust, where the principal is left in trust for one's grandchildren, with one's children receiving only the trust income.

Gifts – Property given to another person or organization.

Gift Taxes – Taxes levied by a government on gifts made during a person's lifetime.

Grantor – The person who establishes a trust. Sometimes called a "trustor" or a "settler".

Grantor Retained Income Trusts – Various types of trusts where the grantor retains some interest in the trust property during his lifetime.

Guardian of a Minor's Property – The person named in a will to care for property of a minor child not supervised by some other legal method, such as a minor's trust.



Guardian of the Person – An adult appointed or selected to care for a minor child in the event no biological or adoptive parent of the child is able to do so.

Heirs – Persons entitled by law to inherit an estate if there is no will or other document/devise to pass property at death.

Holographic Will – A will that is completely hand written by the person making the will.

Inherit – To receive property from someone who has passed away.

Inheritance Taxes – Taxes imposed on property inherited from a deceased's estate.

Insurance – Is a risk management tool to provide income to beneficiaries in the event of someone's death.

Intestate – To die without a will or other valid estate transfer device.

Intestate Succession – The method by which property is distributed when a person fails to distribute it in a will. The law of Wyoming provides for the distribution to certain surviving relatives.

Irrevocable Trust – This is a type of trust that cannot be revoked, amended or changed in any way after it is set up.

Joint Tenancy – A form of ownership in which two or more individuals own property together.

Letters of Administration – A written document issued by the probate court authorizing the administration to act on behalf of the estate of a person who died intestate. (I.e. without a valid will)

Letters Testamentary - A written document issued by the probate court authorizing the

executor named in a decedent's will to act on behalf of the estate.

Life Beneficiary – A person who can receive use of trust property and benefit of trust income for his or her life, but does not own the trust or have the right to dispose of it.

Life Estate – The right to use trust property and receive income from it, during one's lifetime.

Life Insurance Trust – An irrevocable trust that owns a life insurance policy to reduce the size of the original owner's taxable estate.

Liquid Assets – Cash and other assets that can be readily turned into cash.

Living Trust – A trust set up while a person is alive and that remains under the control of that person until death.

Living Will – A document in which you decide that you do not want to have your life artificially prolonged.

Marital Deduction – A deduction allowed by the federal estate tax law for all property passed to a surviving spouse.

Minor – Persons under 18 years of age. All minors are required to be under the care of a competent adult unless they qualify as emancipated minor.

Mortgage – A loan to finance the purchase of real estate.

Mutual Wills – The separate wills of two or more persons with reciprocal provisions in each will in favor of the other person(s).

Net Taxable Estate – The value of all property at death, less encumbrances and other liabilities.

Non-Probate Property – Property that passes outside the administration of the estate, other than by will or intestacy.



Ongoing Trust – Any trust that is designed to be irrevocable and operational for an extended period of time.

Pay-On-Death Designation – A method of making provisions on a form stating who will inherit the remains of their property when they pass away. Most commonly used for bank accounts.

Personal Property – All property other than land and buildings attached to land. (I.e. vehicles, bank accounts, wages, securities, a small business, furniture, insurance policies, jewelry, pets, etc).

Pour-over Will – A will that “pours over” property into a trust. Property left through the will must go through probate before it goes to the trust.

Power of Appointment – Having the legal authority to decide who shall receive someone else’s property.

Power of Attorney – A written document that enables an individual to designate another person as his “attorney in fact” who will act on his behalf. The scope of the power can be very limited or quite broad.

Pretermitted Heir – A child who is either not named or not provided for in a will. Assuming that persons want to be provided for, a child is entitled to share in the estate.

Probate – The court proceeding in which the authenticity of a will, if there is one, is established, where the executor or administrator is appointed, debts and taxes are paid, heirs are identified, and the property in the probate estate is distributed according to the will, if there is one.

Probate Estate – This is the property that will pass through probate, except property that has

been placed in joint tenancy, a living trust, a bank account trust or in life insurance.

Probate Fees – These are fees, often a percentage of the estate, paid to an attorney and others who handle the probate proceeding.

Property Control Trust – A trust that imposes limits or controls over the rights of beneficiaries; for a number of reasons.

Proving a Will – The process where the court verifies that your will is valid.

QDOT Trust (Qualified Domestic Trust) – A trust used to postpone estate taxes, when more than the amount of the personal estate tax exemption in the year of death is left to a non-U.S. citizen spouse by the other spouse.

QTIP Trust (Qualified Terminable Interest Property Trust) – A marital trust with property left for use of the surviving spouse as life beneficiary. No estate taxes are assessed on the trust property until the death of the life beneficiary spouse.

Real Property – All land and items attached to the land, such as buildings, houses, stationary mobile homes, fences and trees.

Residual Beneficiary – A person who receives any property left by will or trust not otherwise given away by the document. If there is a life beneficiary, then a person who receives the property after the life beneficiary dies.

Right of Survivorship – The right of a surviving joint tenant to take ownership of a deceased joint tenant’s share of the property.

Rule Against Perpetuities – A rule of law which limits the duration of trusts, except charitable trusts. Wyoming has a rule against perpetuities; generally, a trust cannot last longer than the lifetime of someone alive when the trust is created, plus 21 years.



Special Needs Trusts- This trust is created to ensure disabled or mentally ill beneficiaries are cared for and can enjoy the property that is intended for them.

Spendthrift Trusts- This trust is designed to prevent a beneficiary from being able to waste the trust principal.

Sprinkling Trusts- This trust designed so the trustee can decide how to distribute trust income or principal among different beneficiaries.

Successor Trustee – The person or an institution who takes over as trustee of a trust when the original trustee has died or become incapacitated.

Taking Against the Will –The ability of a surviving spouse to choose a statutorily allotted share of the deceased spouse's estate instead of the share specified in his or her will.

Tenancy by the Entirety – A form of marital property ownership, with a right of survivorship between spouses. Similar to joint tenancy.

Tenancy in Common – A way for co-owners to hold title to property that allows them maximum freedom to dispose of their interests by sale, gift or will. At a co-owner's death, his or her share goes to beneficiaries named in a will, trust or to the legal heirs, not to the other co-owners.

Testamentary Trust – A trust created by a will.

Testate – One who dies leaving a will or other valid property transfer device.

Testator – A person who makes a will.

Trust – A legal arrangement under which a person or institution controls property given by another person for the benefit for a third person. The person or institution who gives the trust is called the grantor, the person who controls the trust is called the trustee and the person who receives assets out of the trust is the beneficiary.

Trustee – People or institutions that manage a trust and trust property under the terms of the trust.

Trust Corpus – The property transferred to the trust.

Uniform Anatomical Gift Act – A law adopted by most states that enables the donation of body parts for the use of science, education or individuals needing certain organs.

Uniform Transfer to Minors Act – A series of state statutes that provide a method for transferring property to minors.

Will – a legal document in which a person states various binding intentions about what he or she wants done with his or her property after death.

Wyoming Health Care Decisions Act – A law passed in 2005 that allows a person to express his or her wishes about all forms of health care decisions, it also allows an individual to designate another person to make health care decision on their behalf when that individual can no longer do so.