

## FIFTY LEGAL TERMS:

1. Estate – the assets of a deceased asset owner
2. Asset – property that has economic value owned by a person, business, or country
3. Liability a sum of money, assets, or debentures owed to a third party.  
Liabilities are recorded on the right side of the balance sheet. Examples of liabilities include loans, accounts payable, mortgages, deferred revenues, bonds, warranties, and accrued expenses.
4. Personal Property – property that is not money or land/house. Personal property can be tangible and intangible. Personal property that is tangible means the property is a physical object that can be relocated. Intangible personal property, while represented by a physical object, has monetary value as a legal construct. For example, a copyright exists in the physical world as paper. The intellectual property that the paper certifies can have great value. Other examples of intangible personal property include stocks, bonds, other securities in general, promissory notes, life insurance, annuities, shares in an LLC or partnership, and royalties.
5. Real Estate – an actual parcel of land, i.e., dirt.
6. Real Property – land, anything that grows, is attached, or erected on the real estate.
6. Separate Property – property owned by one spouse only.
7. Community Property – property owned jointly by two spouses in community property states. The community property states are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. Alaska is a “quasi-community property state”, allowing married Alaskans to designate marital property as community property.

The general rule is that property acquired by either spouse after the date of marriage is community property and each spouse owns an undivided equal share of the asset. There are exceptions to this rule. Gifts outright or in trust to one

spouse, inheritances, or property obtained after a legal separation are considered separate property.

Unlike property in joint tenancy with right of survivorship, the entirety of the community property does not vest by operation of law when one spouse dies. Rather, half of the community property asset vest in the name of the deceased spouse's estate. Generally, transfer of community property to a trust, changes the nature of the asset from community property to a trust asset.

8. Heirs at Law – the persons that will inherit from you according to state intestacy law

9. Intestate – to die without a will

10. Testate – to die with a will

11. Per Stirpes – along the lines, meaning children of a person inherit their share of property if they predecease you

12. Beneficiaries – a person who benefits from a trust or other property

13. Living (Inter Vivos) Trust – a trust created by you during your lifetime

14. Testamentary Trust – a trust created by your will

15. Minor – a person under age 18

16. Attorney-in-Fact – a person you designate to act on your behalf according to a power of attorney

17. Fiduciary – someone who owes you a duty of care

18. Personal Representative – the person who represents a probate estate and does what the Will instructs

19. Trustee – The person who directs and controls Trust property

20. Surviving Spouse – a person married to someone who died

21. Child – a natural born or adopted child

22. Descendant – a person who is descended by natural birth or adoption from you through your children and grandchildren and great-grandchildren, etc.

23. Decedent – a person who has died

24. Alternate Beneficiary – the person who becomes a beneficiary when the first beneficiary is no longer a beneficiary

25. Residual Beneficiary – the beneficiary who receives any property left when all other beneficiaries have received their shares, or the person who becomes a beneficiary when the first and alternate beneficiaries are no longer beneficiaries
26. Creditor – someone to whom you owe money
27. Guardian – a person responsible for making decisions for another person, which decisions cannot be overridden by the principal
28. Principal – the person who makes a document, such as a Power of Attorney
29. Disinherit – to prevent someone from inheriting who would otherwise inherit from you
30. Durable – continuing beyond incapacity
31. Funding – the process of transferring assets to a trust
32. Estate Tax – taxes paid by an estate to a State or Federal government when the assets of that estate are passed to the beneficiaries
33. Gift Tax – taxes paid by a person to a State or Federal government when gifting more than a certain amount of money
34. Incapacitated – unable to manage your own affairs
35. Health Care Directive – the document that tells your family and doctors what your wishes are at the end of your life if you can no longer speak for yourself
36. Pour Over Will – a Will that directs all assets to an already-existing Living Trust
37. Probate – the court process for admitting a Will and appointing a Personal Representative to do what the Will directs
38. Revocable Trust – A trust that by its terms can be revoked by the Trustor
39. Trustor – a person who creates a Trust
40. Title – a document or state of owning an asset
41. Will – a document that directs what is to be done with assets of a person when they die
42. Non-Probate Assets – assets which pass outside of your Will
43. Probate Assets – assets which pass according to your Will
44. Deed – The document that passes an ownership interest in real property

45. Transfer on Death Deed – a Deed that passes ownership in real property upon the death of the current owner
46. Uniform Transfer to Minors Act – a law that prevents transferring property directly to a person under age 18
47. Marital Trust – a trust created for the benefit of a surviving spouse
48. Special Needs Trust – a trust created for the benefit of a person who is disabled or has other special needs
49. Supplemental Needs Trust – a trust created for the benefit of a person and intended to provide for any supplemental needs that person may have (needs not covered by income, assets, or government benefits)
50. Distribution – payment of money or property to a beneficiary

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