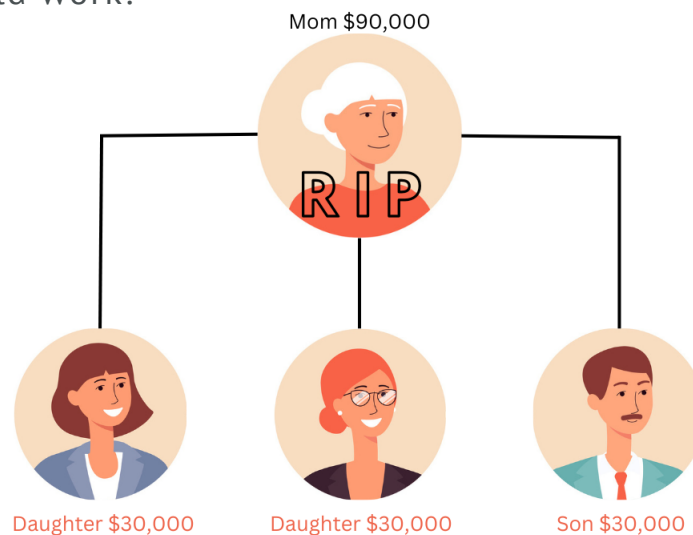# P₃ Parks Capital

WHAT IS PER STIRPES AND WHY IS IT IMPORTANT?
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Since the late 1600's Per Stirpes has been commonly used in all types of wills, trusts and beneficiary forms. Per stirpes is one method used to pass money to our heirs. This Latin word means, "By Branch" So, as we think about our family tree and as it grows it's important to understand how this common term works.
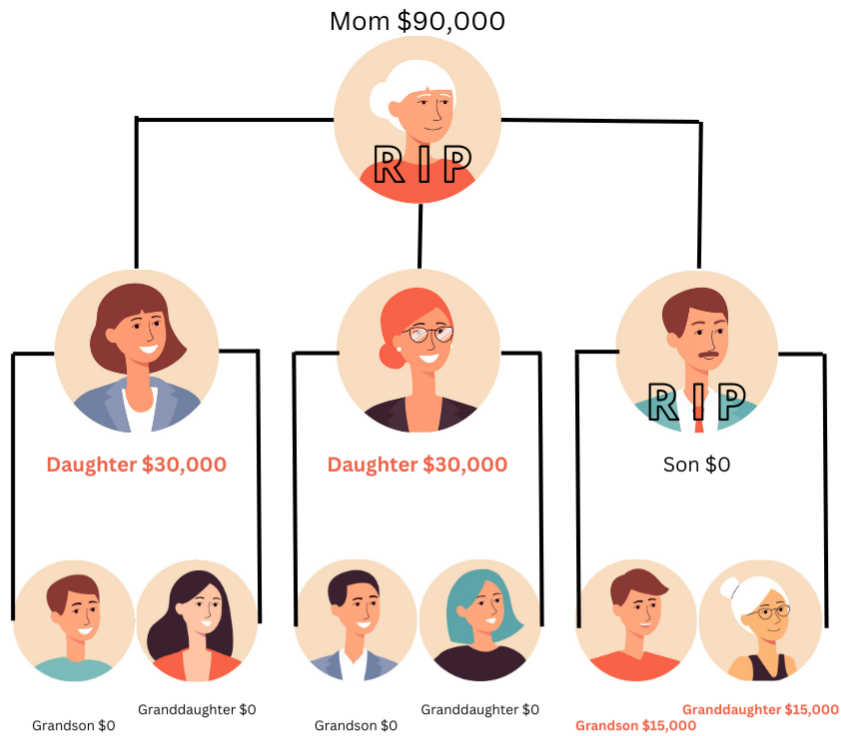
We have created a family tree to illustrate how having a Per Stirpes designation would work:
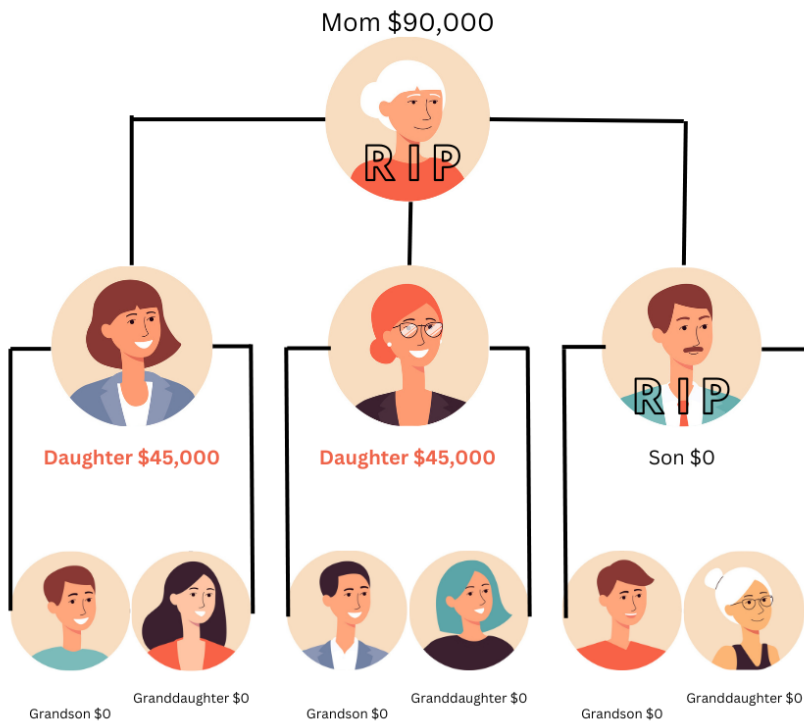

Mom $90,000

RIP

Daughter $30,000   Daughter $30,000   Son $30,000

As you can see, Mom has $90,000 and 3 children with a per stirpes designation. When mom passes, each of her 3 children equally divide and receive $30,000. It's very simple.

Now let's take this example a step further:

Let's say all of mom's children have their own kids, mom's grandchildren, but when mom passes, one of her children passed away before she did. Having a Per Stirpes designation allows what money she intended to pass to her deceased child to then pass through to the next generation, her grandchildren.

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Mom $90,000

Daughter $30,000

Daughter $30,000

Son $0

Grandson $0

Granddaughter $0

Grandson $0

Granddaughter $0

Grandson $15,000

Granddaughter $15,000

As you can see, the 30,000 that would have gone to her deceased child, now gets split equally to his children, her grandchildren. $15,000 each.

Now let's see what happens if you don't use a Per Stirpes designation:

Mom $90,000

Daughter $45,000

Daughter $45,000

Son $0

Grandson $0

Granddaughter $0

Grandson $0

Granddaughter $0

Grandson $0

Granddaughter $0

In this example, mom passes and her $90,000 is then split equally between her two living children, $45,000 each with no money branching down to her living grandchildren.

These are two completely different outcomes, and this may not be what Mom intended. Reviewing your estate documents and beneficiary designations can ensure that what you want to happen, does.

There are many of these common terms used in estate planning and we hope this has helped you understand just one of them.

If you have any questions, please let us know.

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