

## TIPS FOR ESTATE PLANNING

Estate planning is a critical step in protecting your legacy, and your loved ones, in the event of your death or incapacitation – it's the act of making plans to transfer your assets. Your estate is made up of anything you own, including your home, car, bank accounts, investment and retirement accounts or life insurance.

If you do not have an estate plan, your home (and other assets) could be distributed to unintended heirs through the courts, or your assets could become the state's property. Family members may have to go through a lengthy, confusing and expensive legal process, known as probate court, to receive distributed assets from your estate. If not handled properly, your family members may also be left with a hefty tax bill on inherited assets.

Similarly, if you were to become disabled and were unable to conduct business due to physical or mental incapacity, the court may appoint someone to control how your assets are handled and how to care for you through a court-appointed guardian or conservator. Once appointed, it can become difficult to end this arrangement, even if you were to recover fully.

With an estate plan in place, you will have full control over who will be responsible for your affairs if you become incapacitated, as well as who your beneficiaries will be if you pass away and how your assets will be distributed.



### Estate Planning Typically Includes

- **A Will.** A will states your direct wishes for the distribution of your property and assets and the care of your dependents upon your death. To make it official in most states, you must be 18 years or older, be of sound mind and have the will properly executed and witnessed. A living will includes directions for the type of medical decisions you wish to be carried out if you cannot make these decisions yourself.
- **A Trust.** A trust is an agreement that allows a third party to control and distribute your assets. Living trusts are usually revocable, meaning they can be altered. When you die, the trustee must use your assets as instructed by you, for example, to distribute funds to your children. You can also place the title to your assets (for example, your home) into the trust. This will eliminate having to go through the probate court process to distribute assets like property. Avoiding probate will save your heirs time and money.

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- **Power of Attorney.** Power of Attorney (POA) grants a wide range of powers to agents of your choosing – and you should have more than one. You should have a medical POA to make healthcare decisions on your behalf regarding health care matters (which will be part of your health care directives, discussed next) and another POA to handle your financial and legal matters. The POA in charge of financial matters can pay bills, file taxes, manage real estate, decide on living arrangements, etc.
- **Healthcare Directives.** Healthcare directives allow you to specify exactly what kind of treatments you would like to receive, or not receive, under certain circumstances. It can also include your organ donation wishes and any do-not-resuscitate orders. This part of your plan gives specific instructions about your healthcare in the event of an emergency or if you cannot communicate your wishes. Through this documentation, you can appoint someone to make medical treatment decisions for you if you cannot make them for yourself. This can be part of your living will by providing instructions related to medical treatment, and it can be accomplished by a medical POA designation.
- **Beneficiary Designations.** Naming the person who will inherit an asset in the event of your death. This is important to ensure that any beneficiary designations are aligned with what is stated in your will to avoid conflicts. For example, if you have designated a beneficiary on your life insurance policy, that will take precedence over whatever is stated in your will.

Regularly review and revise your estate plan to keep it up to date. This can be done annually or more frequently. At a minimum it should be done at least every three years. If significant life changes occur, like marriage, divorce, birth, purchasing or selling a property, etc., reviewing your plan at that time is also recommended.

## Creating Your Estate Plan

When it comes to decisions this influential, it is worth the investment to consult with a professional who can ensure that your estate plan meets all legal requirements so that it will be upheld in court. Reach out to trusted financial professionals (accountants, bankers, or financial planners) so they can connect you with the right person for your needs.

