

Estate and Pre-Planning GUIDE



Review Your Plan Regularly

You might think your job ends once you prepare a solid plan for your estate. General reviews are as crucial as updating your plan when major life events occur. Don't forget to periodically review your legal documentation to reflect these happenings.

A GENERAL REVIEW

Even if you don't experience a life-changing moment, there is still plenty of cause to review your plan. One of the big reasons is due to changes in laws, regarding estate and gift-tax codes. These expensive alterations can have serious consequences on the recipients of your estate.

Your local government could also shuffle its probate code, trust law and laws of descent and distribution, affecting your plan.

LIFE EVENTS THAT REQUIRE REVIEW

Once you have a legally binding estate plan, life events can occur which require mediation and updates to your plan. These are a few reasons your documents could need a tune-up:

- A marriage or divorce;
- The birth or adoption of a new child or grandchild;
- Borrowing a significant amount of money or large increases or decreases in the value of your assets; or
- Alterations in federal or state laws regarding taxes and investments.

It can be difficult to realize which local and state laws are impacting your legacy. That's why hiring the help of a professional to manage your estate plan is key. They can easily spot red flags that negatively impact



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their clients' wishes and offer valuable advice accordingly.

HOW OFTEN YOU SHOULD REVIEW

Since each estate plan is dif-

ferent and largely depends on your wishes and local government, reviews should be done at the recommendation of your legal team.

For those who have a large

investment portfolio or acquire assets regularly, special care is recommended to keep a close eye on your value.

Check with your local finan-

cial and estate professionals to ensure your plan is in order. Under certain circumstances, they may recommend reviewing your legal documents on a more regular basis.

Understanding Pre-Planning

Before you can become familiar with estate planning, it's imperative to understand the concept of an estate.

Consider everything you own, including your car, home, bank accounts and even personal possessions. Your estate consists of everything that is legally yours.

When you're gone, it is in your family's best interest that you have delegated where it all goes.

Losing a loved one is never easy, but preparing for it by creating a legal will can relieve unnecessary stress experienced by a mourning family. By meeting with a professional lawyer or estate-planning expert, you will eliminate the risk of long legal battles over your property when you're not here to fight for it.



WHO NEEDS A PLAN?

It is easy for younger Americans to dismiss the idea that they need legally standing documentation related to their estate.

However, it is important for people entering adulthood to sort their assets and begin forming their plan.

For aging or retired people, it's never too late to talk to a professional and get your estate in shape.

Discussing death is never

an easy topic, but the peace of mind that comes with having a properly prepared plan in place can lessen the stress it may cause.

Remember, explaining concise instructions for how your estate should be handled once you're gone is a thoughtful way to express your love for yourself and family.

WHAT IT CONTAINS

Creating a solid estate plan

requires several decisions and legal documents. It is the only way you can ensure the things you worked for remain in the hands of your loved ones.

This is why working with a professional — in person — is crucial to your legacy.

Before you meet with an expert, become familiar with a few steps in the process.

Make a will: Typically, the first part of pre-planning is creating a will. It will express

your wishes for who you want to inherit your property and appoint a guardian for young children in case both parents are demised.

Healthcare directives: This section is to protect your wishes in case you are unable to make medical decisions for yourself. You will appoint a power of attorney for healthcare, who will make the decisions according to the instructions you gave in the

document.

Beneficiary forms: Choosing a beneficiary for your bank accounts means they become payable on death. Your loved one will avoid a lengthy probate issue in court once receiving the accounts.

The process is involved yet important. Schedule an appointment with a professional to protect your legacy and family.

A Living Trust or Will?

When estate pre-planning, most Americans are familiar with the importance of having a last will and testament.

Did you know that without naming a revocable living trust, your family may experience the dreaded-probate process?

According to the American Association of Retired Persons, probate is the legal process to determine whether a will is valid. It is a situation that includes locating and determining the value of the decedent's assets and paying remaining bills and taxes before distributing the remainder to those noted in the document.

So how does having a revocable living trust streamline the process when you're gone?

REVOCABLE LIVING TRUST

The AARP defines a revocable living trust as a written agreement designating someone to be responsible for managing your property.

It's considered a "living trust" because you established it while you are alive and "revocable" because if you're mentally competent, you have the right to dissolve the trust at your own discre-



tion.

This document is unique because property left through the trust doesn't require probate in court. Instead, the person you appoint to handle the trust after death, easily transfers ownership to beneficiaries according to your instructions.

Another positive to this type of trust is that it is typically near the same price as a last will and testament.

Whichever route you decide to take, it is important to have the knowledge of a professional to give you peace of mind that everything is legally binding.

WHO TO APPOINT

When considering who will oversee your belongings, you should only appoint someone you truly trust. It can be an overwhelming decision and an even more stressful to the

person in charge of distribution.

Before choosing someone, make sure you discuss it with your loved ones, and that the chosen one is comfortable and confident with his responsibility.

If you believe all your beneficiaries should be left out of the equation, you can name the trust department of a bank or trust company as the one in charge.

DON'T FORGET TO NAME YOURSELF A TRUSTEE

The AARP suggests naming yourself and spouse as trustees in the document. This way, you will remain in full control of your properties while you're alive. Be sure to discuss these and other issues with your local attorney or pre-planning professional. She will help put your mind at ease regarding the complex topic of estate planning.

Why Consider Life Insurance?

Life insurance is an important policy to have when pre-planning your estate. Chances are, you will have remaining debts and taxes to be paid after death. A qualified policy can help alleviate the financial strain of an emotional family that will already be suffering your loss.

If you're still on the fence about acquiring a life insurance policy, you may change your mind after digesting these important reasons from the Insurance Information Institute.

INCOME FOR YOUR DEPENDENTS

If you have loved ones who are dependent on your income, your death may leave them without the support they need to live. This is especially important for those with young children who will be financially backed by a solid policy.

Acquiring insurance to replace your income is a way to continue to provide for those you love even after you're gone.

CREATE AN INHERITANCE

If you are unable to leave behind an inheritance for your loved ones, a life insurance policy is a simple way to build one.

With your policy, you can choose who to name as a beneficiary and the amount you wish to pass down.

FINAL EXPENSES ARE COVERED

Most life insurance policies will pay for a funeral and burial costs, probate, debts and medical expenses not covered by your health insurance.

SOURCE OF SAVINGS

The III states some types of life insurance create a cash value that, if not paid out as a death benefit, can be borrowed or withdrawn on the owner's request. This means, when you buy a cash-value-

type policy, it also creates a savings plan.

WHY IT'S IMPORTANT TO PREPLAN

Pre-planning your estate means more than distributing your belongings. It is how you

create your legacy and share the benefits you earned with those you love most.

You can purchase several different types of life insurance. When speaking with your local agent, make sure to express your wishes and con-

cerns about death.

These policies can guarantee your child's college education is covered, that your family can continue living in your home and that general financial concerns will be alleviated.



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Pre-Planning with Disabled Children

A solid estate plan is necessary for everyone, but parents with disabled children should consider it even more crucial. Do you have a plan in place regarding how your child will be cared for?

Without proper planning, a child who is unable to live independently may be at serious risk for injury or left vulnerable.

The American Bar Association suggests developing a special-needs trust to ensure parents that their child will be provided with care and resources for his lifetime. Now is a great time to put the plan in motion to protect your child.

SPECIAL-NEEDS TRUST

A special-needs trust is basically a way for parents to leave an inheritance to their children without disqualifying them from receiving helpful benefits from Supplemental Security Income, Medicaid and other government benefits.

Since most of these programs are resource-dependent, it means a recipient of benefits may only have a limited amount of assets and income. According to the ABA, parents should name the special needs trust as a beneficiary in their will instead of naming the disabled child.

The trust also can be named to receive IRAs, retirement plans and life insurance policies. Your lawyer can point you in the right direction to protect your child and leave behind an inheritance she can depend on.

SELECTING A CARETAKER

Aside from the financial decision you must make



regarding your disabled child, a more important consideration to make concerns his caretaker. If your child has a disability that requires assistance from a guardian, you should carefully

plan a series of successors to be in charge.

A professional attorney will execute documents which will protect your child in the event of your passing.

It's important to work with an expert who specializes in estate planning because each state might have different laws and circumstances regarding the qualifications of legal

guardians.

This is not a decision you want to entrust to an online program that can create obstacles when your child needs help.

Discuss Your Plan with Family

When developing your estate plan, it is important to include your loved ones, especially if they will be beneficiaries or trustees. Discussing this sensitive subject can reveal your family's level of comfortability when left in charge of your assets.

Many people are hesitant to begin the conversation about their death. While it can be an uncomfortable discussion, it is necessary to have a plan in place.

CONSIDER THE TIMING

Sometimes, family tragedies or emergencies can spike your interest in estate planning. However, when your family's emotions are heightened while dealing with loss, it might be best to hold off on a conversation until later.

Don't be surprised if your family is caught off guard and questions your health if you choose to bring up the subject of your estate. Especially the first time you discuss your legacy, family members might get the wrong idea.

Explain that you are simply concerned with developing a plan to lessen the responsibility they have once you're gone. It can also be a good idea to present your plan in a comfortable setting that offers privacy and encourages engaging conversation.

ACCOMMODATE SCHEDULES

It might be difficult to coordinate a meeting that works with your loved ones' busy schedules. To limit the amount of times you must repeat your plans, it makes sense to wait until everyone involved is



available.

Your initial discussion should lay out your wishes regarding how your assets should be handled. Don't forget to discuss considerations for key members, such as power of attorney or living trusts.

A second meeting can be necessary if you or your family discover concerns while discussing your estate plan. Consider contacting your attorney to schedule a meeting between everyone involved. A professional will stand behind

your decisions and keep emotions out of the equation.

DEFINING YOUR LEGACY

Planning your estate now allows you to define the life you lived by determining the legacy you leave behind. You can take

the stress of difficult decisions off your family's shoulders by instructing exactly how your estate should be handled. Schedule an appointment with a professional attorney or estate planner to customize your legacy when you're gone.

Donating to Charity

When preparing your will with your attorney, stress your interest in making a lasting impression on a charity in which you believe.

Leaving behind a gift to a cause is a way to show thanks and remind people of something that was important to you. It also is a great example for your loved ones of how important supporting charitable organizations is to the future of our country and citizens.

Don't be afraid to share your intentions for a donation with your family members involved in your estate planning.

They may choose to become volunteers or find they share the same passion as you. Bonding over charitable causes is a great way to build a stronger relationship.

GETTING STARTED?

If you are taking the first steps in creating your estate plan and will, the process of adding a charity as a beneficiary is simple. A qualified attorney can help find the necessary information required to include them in your plan.

According to the Protective Life Insurance Company, here are a few facts about the charity you will need to know.

- The official name of the charity;
- Its current address; and
- The organization's registered charity number.

These requisites are important to ensure your donation will find its way into the right hands.

Do you have a cause about which you are passionate? Consider donating a portion of your assets to an organization so its operation can continue growing with your financial gift.

UPDATING AN EXISTING WILL

Making changes to your will is easy with the help of a professional. Some experts recommend creating a new will to

include your chosen charity.

When a new document is developed, a previous will becomes null and void.

A codicil is a legal instrument made to modify an earli-

er will. Adding a charity by utilizing a codicil is typically a simple process.

However, when you make major adjustments such as altering a power of attorney or

renaming a living trust, it can be more economical to simply redraft a will with the new information. Your legal advisor will guide you toward the best move for your changes.

