

Estate & Pre-Planning



Getting Documents in Order

Building an estate plan requires a clearly marked paper trail so that your wishes can be followed.

Organizing everything beforehand ensures that these end-of-life allocations are doled out in a timely and fair manner. Here's what you'll need.

LAST WILL AND TESTAMENT

Wills are the most well-known of these documents, providing an official road map for where your belongings will go. Beyond describing who will receive your assets, the last will and testament also designates a manager to settle your estate and a legal guardian for any minor children. Otherwise, a court will make these appointments.

POWER OF ATTORNEY

Unfortunately, our deaths are sometimes preceded by lengthy illnesses. A durable power of attorney ensures that your estate is cared for, even if you are incapacitated late in life. Your designee will make sure bills are paid, manage investments and attend to other daily responsibilities so that these things don't become an issue in death. You can set up an immediate power of attorney, if you are have pending surgery or are facing worsening health issues. A so-called "springing" power of attorney doesn't become active until you are unable to handle your own affairs — but it isn't available in all states.

LETTER OF INSTRUCTION

This is not legally required, or in any way binding, but it might be a good idea. A letter of instruction provides larger context for your wishes, while also directing the executor and your remaining family to important paperwork and other belongings. For instance, you might outline where your safe-deposit box is located, along with the key and a list of all contents. Some choose to discuss preferences for funeral and burial, and the names of anyone else who should be notified. Feel free to prepare this letter yourself, while an attorney should handle other necessary estate-planning documents.

WHY IT'S IMPORTANT

Legal documents provide a platform for your decisions to be heard. You won't be around to protect your belongings, or justify your personal choices. This paperwork becomes your voice, while easing the responsibilities — and perhaps even the pain — for those left behind. Complex determinations about distribution of possessions and final issues with your finances will be fixed and approved, allowing everyone else to move on with grieving.



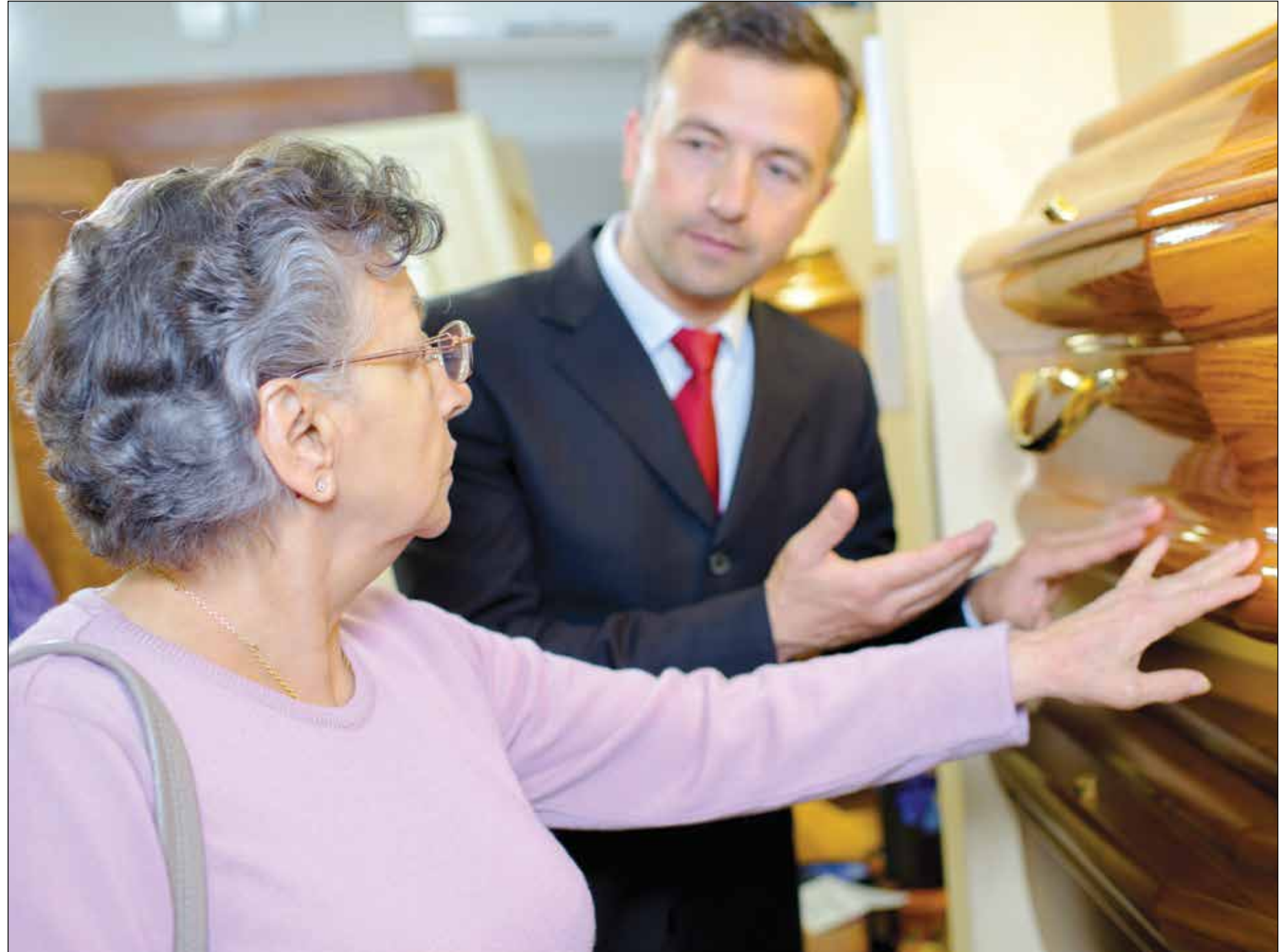
Do You Need Extra Insurance?

Oftentimes, we think of every detail in advance of our unfortunate demise ... except paying for the final ceremony.

You may assume that a life-insurance policy covers the cost of a funeral, but that's not always the case — and these expenses can quickly add up. In November 2021, the National Funeral Directors Association estimated that median costs had increased almost 7% over the past five years to \$7,848. The price of cremation was going up faster still, at an increase of more than 11% to \$6,970 over the same time-frame. Funeral insurance might provide your family with the peace of mind needed during an already-stressful moment.

BURIAL INSURANCE

An unexpected funeral expense might arrive with other unresolved personal debts, added yet another burden for grieving loved ones. Burial insurance can alleviate that worry. This works like a life insurance policy, but with a smaller benefit — generally ranging from about \$10,000 to \$25,000. Under most state laws, these policies must be secured through an insurance company agent or broker, according to the Insurance Information Institute. The benefit is immediately paid to your designated survivor, and can be dispersed as they wish. That includes



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final arrangements, of course, but also the decedent's bills like medical or credit-card debts, mortgages and personal loans. Shop around, however, because rates are can be different based on age, health conditions and other coverage.

PRE-NEED POLICIES

Even standard life insurance

policies with a death benefit require that survivors take over planning the funeral. Pre-need policies ensure that all of those details are handled in advance. The difference between these policies and burial insurance relates to the beneficiary. With the pre-need option, foreseen costs including the ceremony, burial or

cremation are again paid — but directly to your selected provider, rather than to a designated family member or friend. When deciding, look for policies that feature locked-in pricing, so your service costs will be fixed. Make sure the policy is transferable in the event you move or die elsewhere.

A FRANK DISCUSSION

Whatever you choose, it's important to have a frank discussion about your wishes in advance.

Talking about death is never easy, but the more your survivors understand your particular approach to funeral services, the easier it will be when the time comes.

Importance of a Living Trust

Most know how critical is it to create a last will and testament when estate pre-planning.

Despite its name, however, a will isn't the final document you need to ensure a smooth transferral of your earthly possessions to the next generation. Here's a look at how a living trust smooths the way for the proper execution of your will.

HOW TRUSTS WORK

Without a living trust, you risk sending your surviving family members through a drawn-out legal proceeding known as probate. These hearings first determine whether a will is valid. They then turn their attention to locating and valuing a decedent's assets. Any outstanding bills and tax debts are paid. Finally, probate hearings make a determination on distributing whatever remains to those who are named in your will. Living trusts streamline the process, proving for a designated family member or friend to manage your property. They can then quickly resolve these end-of-life issues.

APPOINTING SOMEONE

The very first requirement is finding an executor who you completely trust to handle this important process in your absence. Your executor

should also be someone who is mature enough to deal with a very difficult assignment. If you can't find the right person — or if the intention is to leave out all direct beneficiaries — then you can name a representative from your bank or trust company to handle things.

SETTING THEM UP

A person who you appoint

handles everything that the court would slowly work its way through, transferring ownership to your intended beneficiaries and following any other instructions. Seek out the advice of an attorney who specializes in living trusts and wills, so that you can be assured that everything in these documents is legally binding. What if you change your mind? Living

trusts are revocable, as long as you're deemed mentally competent.

POTENTIAL PROBLEMS

There is one notable downside. Living trusts are typically far more costly to set up than the average straight-forward will. In the long run, however, that additional cost will be worth it in your absence, since your family won't have

to deal with probate. Be aware that some banks and mortgage companies require that any real estate be removed from the trust before refinancing. A pre-planning professional can walk you through the process. Also, be sure to name yourself and spouse as trustees in your living will, so you'll remain in control of all assets before your death.



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Giving New Life to Others

We have the option to leave behind more than our personal assets upon death.

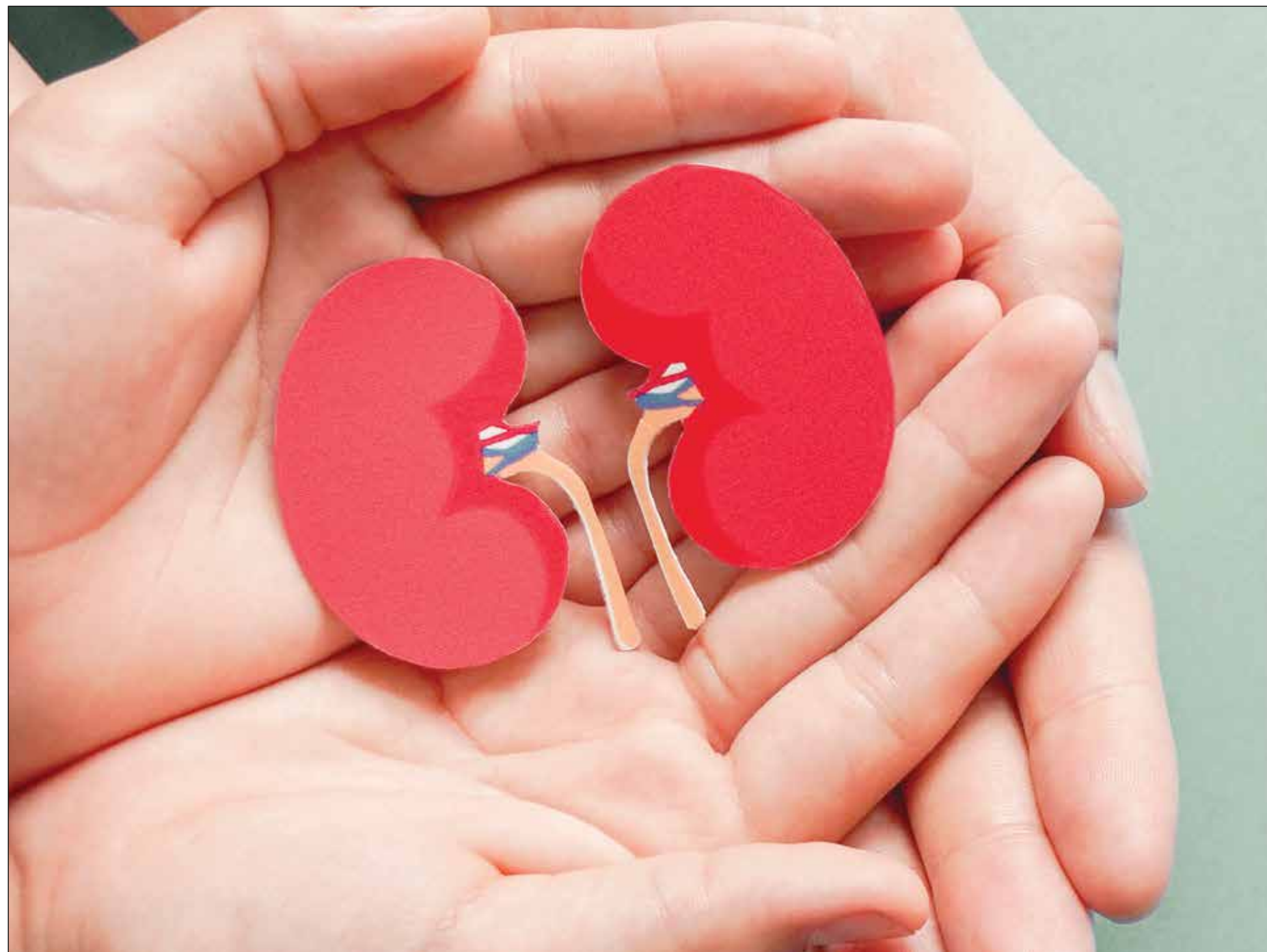
In fact, you could actually give new life to others through the donation of healthy organs or tissue. This provides an opportunity to broaden your legacy beyond your family and immediate friends, potentially impacting the health and happiness of a host of thankful strangers. Here's how you can make a difference through organ and tissue donation.

INSIDE THE NUMBERS

There are some 107,000 men, women and children on the national waiting list for a transplant. A new person joins the list every nine minutes, according to the U.S. Health Resources and Services Administration. Some 39,000 transplants were performed in 2020, but a projected 17 people still die every day while awaiting a new organ. Kidneys are the most critically needed, followed (in order) by the liver, heart, lung and other organs. Eye and other tissue donations are also critically important to the well being of others.

WHO IS ELIGIBLE?

All legal citizens of the United States may donate organs at the time of their death (and, in some cases, during their respective lifetimes, as well). Certain dis-



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eases and conditions may disqualify otherwise eligible donors, including cancer, HIV or other systemic infections. At the same time, however, organs that are unaffected by these issues could still be accepted.

TALK IT OVER

Like most end-of-life deci-

sions, deciding to donate your organs upon death is a deeply personal choice. Still, it's best to have a frank discussion about it with your friends and family, so that they'll be aware of your wishes. These talks may even convince them to become an organ donor, as well — especially if you tell them that

every donor can save as many as eight people, while enhancing the lives of more than 75 others.

HOW TO REGISTER

A 2019 survey of organ donation attitudes and practices found that 90% of Americans support donations, but just 60% were actually

signed up. The process couldn't be any easier. From home, visit the U.S. Health Resources and Services Administration website and fill out a simple form. If you'd prefer to go through this process in person, representatives are available at any local Department of Motor Vehicles.

Updating Your Will

Wills are designed to be ironclad documents that set forth how you want assets dispersed to loved ones.

They take the guesswork — or, in some sad cases, the arguments — out of a critical moment in this very emotional process. But they're not really ironclad at all. In fact, there are several instances in which you should go back and update this document so that it doesn't end up creating the very end-of-life problems you're trying to avoid.

MARITAL STATUS

If you get married after executing a will, you'll need to add your new spouse as a beneficiary. Most states allow a spouse to receive their portion of an estate, even if a will is not in place. But securing that benefit can be a lengthy and difficult process. Obviously, your will might also be changed if you get a divorce, since your spouse would typically no longer be a beneficiary. Spouses are also generally named as guardians for minor children and estate executors in wills, so those designations may also need to be updated when a marriage ends.

TAX LAWS

Work directly with a professional estate planner when crafting this document, since



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they will have the most up-to-date information on your will's tax implications. But be aware that these laws change, and sometimes your final document has to be updated in order to remain in the appropriate legal standing. A legal representative should make periodic reviews of your will, with an eye toward

updating things like estate-tax issues.

FINANCIAL SITUATION

If you endure an economic downturn, it may be necessary to pay out less to your beneficiaries in order to make sure that the estate's other obligations are still met in your absence. On the other

hand, if you experience a notable financial uptick, you may want to increase the benefit for those you leave behind — or maybe even add a new beneficiary.

ADDING A 'P.S.'

If you're only adding a small change after the will has been completed, you may

choose to make what's called a codicil — basically a legal "P.S." to your will. An extra page is written, signed and witnessed, just as your original will was, then attached. After death, both documents are to be read and followed. More important changes should involve an entirely new will.

Taking an Inventory

Over time, we all end up collecting things. Some are cherished heirlooms, while others are simply personal mementos.

Some items might be intended to be part of an inheritance, while others are to be donated. A will delineates where it all goes. But first, someone has to find it all. That's why creating an inventory of your belongings is so important.

PERSONAL ITEMS

These inventories help ensure that your will can be quickly executed. But the list also helps you formulate an idea of the estate's overall worth. Household staples like furniture, jewelry, televisions and other expensive items will immediately come to mind. But it's best to go room to room, making a detailed list of everything and its estimated worth. Most people remember to catalog the car, but don't forget other outdoor items like power tools and lawn equipment.

An appraisal may be needed for certain collectibles; there may be a hidden treasure inside your home. You typically should only list belongings that are valued at more than \$100, but this itemizing process can also reveal a list of more personal things that might make for a meaningful gift to loved ones.

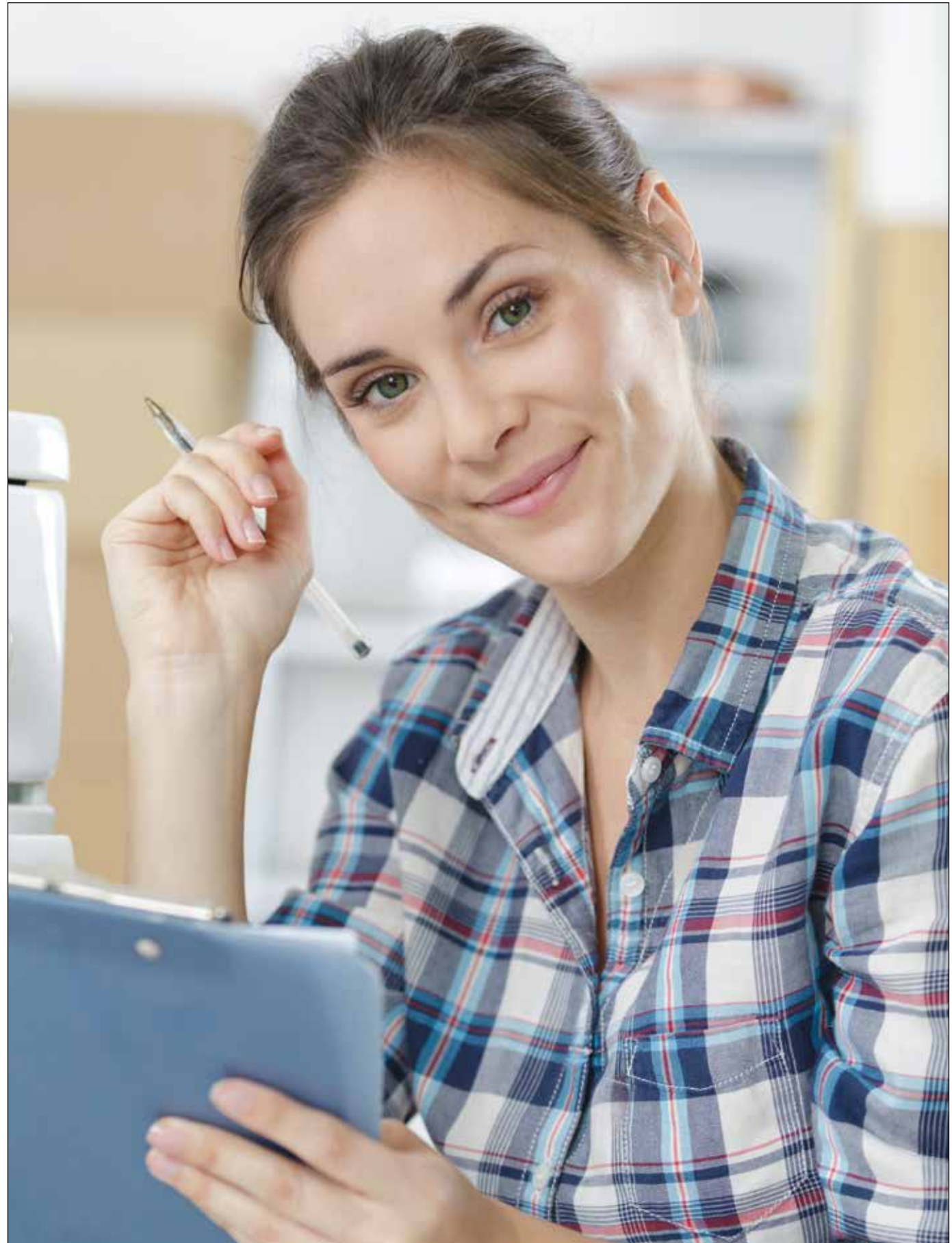
All of those should be listed, no matter their value.

FINANCIAL HOLDINGS

Now that you've cataloged all of the belongings inside your home, itemize all non-physical assets. List all bank accounts, whether held jointly or separately, as well as 401(k) plans, life-insurance policies, IRAs, stocks and bonds, and any insurance policies. (That should include homeowners, auto and health.) A qualified financial advisor can help you define the worth of these inventoried items.

DEALING WITH DEBT

You've defined your assets, now it's time to account for personal debt. Those responsibilities don't go away, though they occasionally can be partially forgiven. List any outstanding bills, including mortgages or car notes, credit cards and medical bills. Non-married family members don't have to pay these debts with their own money, but their deceased relative's estate may be liquidated in order to meet the obligations. An executor manages that process. Spouses can be held personally responsible for co-signed obligations, or if they live in community-property states. Any leftover bills after estate finances have been depleted usually go unpaid.



Planning for a Disabled Child

Estate pre-planning should be an important part of everyone's financial regimen, but this process becomes even more important when you have a child with disabilities.

A lot of factors go into creating a uniquely designed plan, depending on their unique personal challenges and whether they are a minor or adult. The goal is to help your special-needs child continue to lead an enriching, happy life even in your absence.

A LIFETIME OF CARE

The larger goal of special-needs planning is to preserve public aid while also supplementing your child's care. There are additional benefits to taking care of this right away: If plans are put in place while you're still alive, the estate avoids probate. Others interested parties, like their grandparents, can contribute to a trust. Named co-trustees can also get hands-on experience in helping with childcare and administering the guardianship. Depending on the child's capability, this money-management program may be critically important since it will be the only future path to protecting eligibility for benefits. It will provide additional funds for a broader scope of care, and cre-



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ate a financial resource should benefits become restricted or end all together.

SPECIAL-NEEDS TRUST

Children are at particular risk if they are unable to live independently after the death of a parent or guardian. A special-needs trust can ensure that they are provided with needed resources and care over the course of their lifetime. Parents

or guardians should name the trust as a beneficiary in their will, according to the American Bar Association, instead of the child. Many public-aid options are designed to be resource dependent, meaning recipients aren't eligible if they have access to a certain amount of money. These trusts allow for an inheritance without endangering aid provided by Medicaid, SSI or other govern-

ment programs because assets held in trust are not directly available to the child. Funds from life-insurance policies, IRAs and retirement plans can also be directed to the trust, and the child still has access to other programs.

DESIGNATING A CARETAKER

Beyond the obvious financial considerations, parents and

guardians must select a designated caretaker to look after their special-needs child — or to manage their care, if the child is in an assisted-living environment. Work with an attorney who specializes in estate planning in order to create both a trust and this succession plan, since states have differing regulations and laws regarding who may serve as a legal guardian.