



Estate and
Pre-Planning
GUIDE

Pre-Planning Mistakes to Avoid

It's never too early for Americans to begin the steps of pre-planning for their death.

While it can be a difficult subject to approach, ensuring your assets and financial wishes are organized will make things easier for your family. Unfortunately, creating your final plan is not a one-time situation. It requires diligence to ensure it is updated and on track.

To get a good estate plan in place, you should hire a financial advisor who is an expert in the process. They will give you advice about updating your insurance policies, assist in keeping records and create a will. When choosing an expert, it's imperative that you feel comfortable because an optimal pre-planning strategy can be incredibly personal.

Check out these tips from the Institute on Aging to help avoid common mistakes when developing your plan.

DON'T AVOID A DISCUSSION WITH FAMILY

This journey is not one to make alone. While it may be an uncomfortable conversation to have with loved ones, their input toward what happens after your death can help you make easier decisions.

One topic you must address is who feels most comfortable when taking control of medi-



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cal and financial matters if you are unable. There are two roles that must be filled when pre-planning.

A healthcare power of attorney is someone with the responsibility of making medical decisions when you cannot. It's crucial to be clear with your wishes about

remaining on life support and related circumstances.

A financial power of attorney is tasked with performing legal and financial duties such as transferring money, paying bills and delegating funds for other expenses.

When having this discussion, it's essential to calm

loved ones with the assurance that nothing is wrong but you are adamant about having a concrete plan in place.

DON'T FOREGO FUNERAL PLANNING

Ensuring your funeral is planned and paid for will create peace of mind for your

family in their time of grieving.

It also is a beneficial way to create a service that celebrates your life as you see it. Sit with a funeral director and plan the ceremony, burial or cremation options and disclose details of how you want to be remembered.

The Importance of a Trust

Developing a trust is another beneficial pre-planning tool to capitalize on when organizing your estate.

While your lawyer or financial advisor can walk you through different policies that may benefit you, a living trust is of utmost importance for you and your family.

Virtually, this type of trust guarantees your estate and belongings will be distributed under the terms you create when it is drafted.

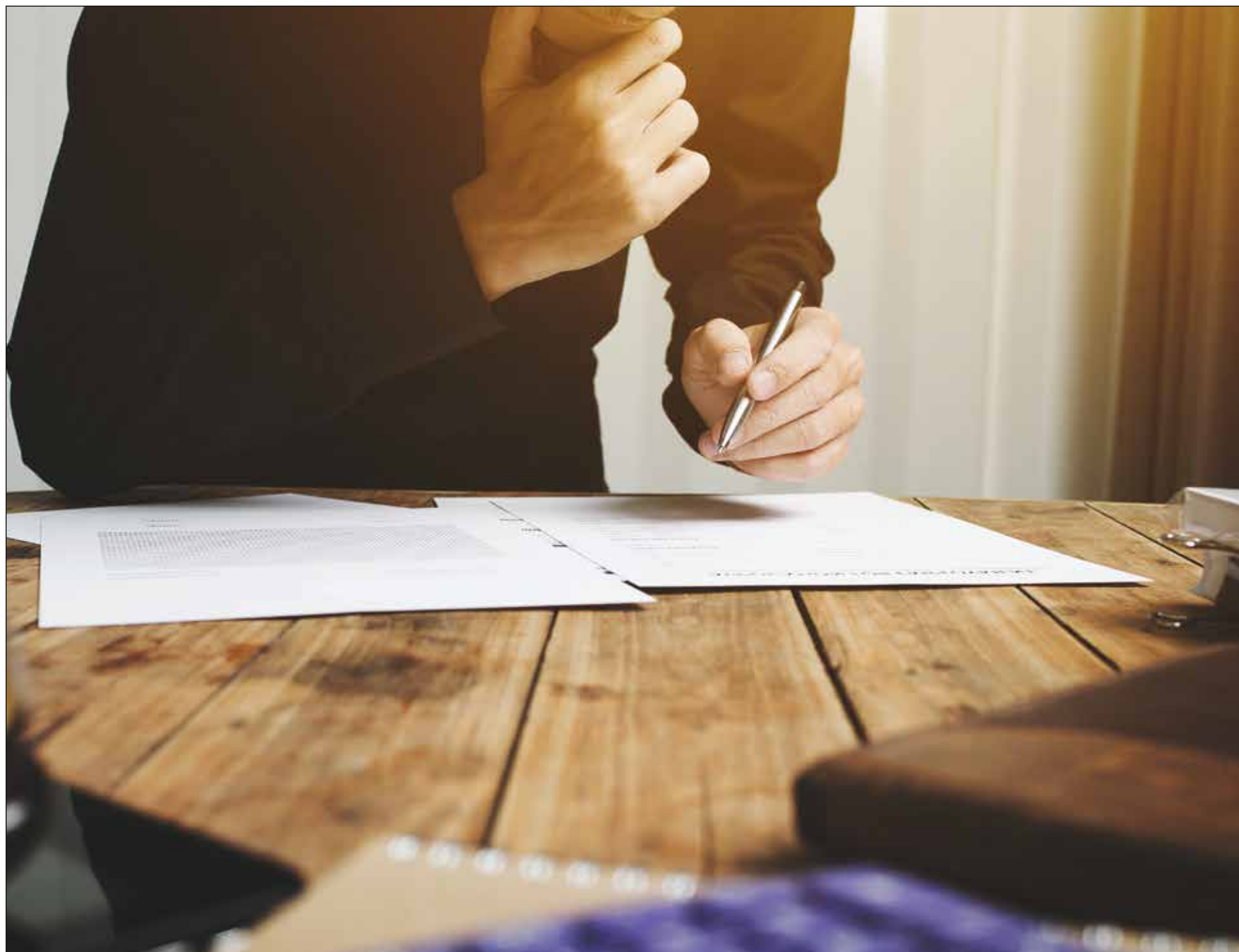
Because life happens and your beneficiaries may change due to many factors, updating your documents after major milestones is crucial. If you're unsure of the benefits when building a legal trust, check out some of the most critical reasons it is necessary.

WHAT IS A TRUST?

A trust is an agreement between a grantor, the person who assigns control of an asset, and a beneficiary who receives the benefits upon death. The policy is managed by a trustee who ensures the policy is handled per your requests when it comes into effect.

Typically, there are two different types of trusts related to estate planning. Here is how they differ, as suggested by the Federal Deposit Insurance Corporation.

- **Revocable trust:** This legal



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document can be revoked, terminated or changed at any time by the grantor.

- **Irrevocable trust:** A grantor appoints beneficiaries to property or assets while giving up the power to cancel or modify the terms.

When deciding which type of trust is right for your situa-

tion, discussing the options with a professional attorney can help make the decision easier.

AVOID PROBATE

According to the American Bar Association, probate is the court-supervised legal procedure that determines the

validity of your will. The legal action is necessary when appointing an executor to administer an estate and distribute assets to noted beneficiaries. A way to avoid this sometimes-lengthy requirement is to create a living trust within your final wishes.

While it may be an extra

step during estate planning, completing this policy ensures your belongings are immediately handed to the person you chose as a representative upon death. It forgoes the need for your personal documents to be approved by the court and, in exchange, is handled in a private setting.

Find an Estate Attorney

The intricate details required to make documents legal are not worth gambling when estate planning. Your best bet is to work with an estate attorney who can ensure your belongings and finances are handled per your wishes after death.

Modern technology makes claims that those concerned with creating end-of-life plans can easily create documents through free or affordable websites. But a local attorney is a safer bet.

When you're researching local attorneys, it's beneficial to meet with a few experts to gauge your compatibility. During your meeting, the National Academy of Elder Law Attorneys encourages you to ask these questions to understand an attorney's qualifications and experience regarding estate planning.

- Does the practice emphasize a particular area of law?
- What percentage of the firm is devoted to special needs planning?
- How long has the attorney been in practice or the field?

It's imperative to be clear with the goals you aim to accomplish when pre-plan-



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ning so you're both prepared to create a solid strategy.

WHAT IS AN ESTATE PLANNING ATTORNEY?

When becoming an estate lawyer, a bar-certified attorney must specialize in estate planning to understand how to direct clients through the process. They are experts in the federal and state laws

required to create documents legally.

COMPLEX DETAILS

Working with an expert estate lawyer is imperative when preparing your pre-planning strategy. Since each state may set its specific regulations and requirements, their expertise is invaluable to ensure your assets are covered

to full protection.

Some areas feature differing laws regarding property rights for spouses, rights for children to inherit and responsibilities for estate and inheritance taxes.

AVOID DIY PLANNING

When creating a concrete estate plan, it's best to avoid DIY methods to save a few

bucks. Since your final arrangements are meant to ensure your financial obligations and assets are legally appointed, mistake-free documentation is crucial.

An expert estate attorney can not only draft secure documentation, but they will stand by it and update it as requirements change, or at a client's request.

Documents you Need

When building your estate plan, you must create numerous documents and make various decisions to ensure your wishes are clear and organized.

It's essential to work with an estate planning attorney who is proficient in creating documentation that covers each intricate detail about your plan. Once you're gone, these legal forms will act as your voice since you won't be physically able to defend your belongings or choices.

A necessary reason to develop a plan that specifically discloses your decisions after death is to ease the pain and responsibility from your loved ones.

They are protected against making life-altering resolutions about how to distribute your possessions, express medical choices and avoid burdens regarding final financial issues. With the complex conclusions already decided, they can focus on grieving and celebrating your life.

The Association of Certified Professional Accountants recommends that every estate plan feature these completed and legally backed documents.

LAST WILL AND TESTAMENT

Typically the most well-known planning document is



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one's will. It's an official explanation of how your belongings are disbursed and who should receive your assets. In this record, you should name the person who manages and settles the estate, otherwise, the court will appoint one for you.

Another consideration to make is who will be a legal guardian for minor children, as without a will, legal representatives will also make this

decision for you.

LETTER OF INSTRUCTION

While a letter of instruction is informal and not legally required for your estate, it's a compelling piece of literature that clearly states how you perceive your will. It can remain a private document that acts as a companion to your will and explains to the executor why you made cer-

tain decisions.

DURABLE POWER OF ATTORNEY

You must appoint a durable power of attorney to protect your wishes and property if you become physically or mentally unable to handle financial affairs. They are responsible for managing aspects like paying everyday expenses, collecting benefits and staying on top of invest-

ments.

There are typically two types of DPOA:

- **Immediate.** A candidate is immediately responsible. They are critical if you are facing an illness or surgery.

- **Springing.** The other type of DPOA is not active until you become incapacitated.

Talk with your estate attorney about the better option, as in some states, a springing DPOA is not permitted.

Plan During Good Health

Pre-planning your estate can be a stressful time due to crucial decision-making to protect your assets when you're gone.

The process can be much easier to manage when practiced in good health. You will have the advantage of creating your final wishes with a clear head and practical thinking.

Some may feel that creating a strategy at a young age is unimportant as the thought of death is far from your mind. However, getting on top of estate planning early will provide peace of mind that the intricate details are in place as you get older.

In fact, the Certified Financial Planner Board of Statistics recommends updating your plan after these significant events.

- Getting married or divorced.
- Welcoming a newborn.
- Moving to a new state.
- Buying new property or buildings.

Take advantage of these other benefits you gain when building your estate plan at a young age and in good health.

PREPARED FOR EMERGENCIES

Even if you're in optimal health, an accident can occur, leaving you incapable of mak-



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ing decisions regarding your family and assets, or worse. Build your estate plan before a life-changing situation affects your life.

Make sure the legally binding agreement between your estate and executor are iron-clad in case of an emergency. Ensuring your family's finances are secure offers immea-

surable peace of mind.

Another factor to consider is obtaining life insurance at a young age. According to the Insurance Information Institute, premiums are usually lower for younger policyholders. A quality plan can cover funeral costs, medical expenses and even pay off a mortgage.

GUARDIANSHIP

If you have young children, estate planning requires additional decisions. Here are a few considerations you should make.

- Who should be appointed legal guardian in the event both parents die simultaneously?
- How and when will the

estate assets be transferred to your children?

- Should the child have full access to assets at a certain age, or will you hire a trustee to assist them in managing funds?

When pre-planning your estate at a young age, don't forget to update it regularly after monumental life events.

Role of Individual Fiduciary

The American Bar Association defines an individual fiduciary as someone that acts for the benefit of another.

In terms of estate planning, trustees, executors and personal representatives are all considered fiduciaries. Before you appoint a loved one to take care of your assets and finances after you're gone, learn their responsibilities.

The American Association of Retired Persons reminds us to contemplate the difficulties associated with wrapping up a lifetime of financial affairs. The group suggests asking these essential questions when considering the decision of who will be in charge.

DO THEY HAVE TIME?

Managing an estate is not always a definite process. In some cases, executors are required to make multiple trips to county offices, postal facilities and sometimes financial institutes. The method of sorting through documents to tie up debts, investments and life insurance policies can be time-consuming.

ARE THEY ORGANIZED?

Another aspect to consider is a potential manager's organizational skills. They are generally required to keep track of extensive documentation and setting and attending meetings with bankers,



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lawyers and other experts. Ensure someone has an exceptional record with their finances and punctuality so the task of estate manager isn't overwhelming.

DO THEY UNDERSTAND YOUR WISHES?

Whether you choose one executor or spread the responsibilities among others, being clear about your wishes

is crucial. You should cover the entirety of your estate planning regarding plans such as the following.

- Discuss your vision for your funeral ceremony and the related expenses.
- Explain how much money will be left and your view on how it should be used.
- Be transparent regarding debt, life insurance policies and assets.

CAN THEY AFFORD IT?

The last thing you want is to strain someone else's finances as they attempt to manage yours.

If you're fiduciary lives out of town, consider the expenses they would face when traveling back and forth to address details that require attention.

When considering multiple executors to manage your

estate, it's vital to have an open and honest discussion with each. Sitting down for a conversation about death can be difficult, especially for family members.

However, approaching the subject of estate planning and the importance of preparing to make the situation easier for loved ones can help create a more comfortable meeting.

Encourage Family to Plan

When planning your estate, ask loved ones if they have taken proactive steps to begin their strategy.

Regardless of age, health condition or the number of assets, adults should have a plan in place to protect their family members after a death.

It can be a challenging subject to approach, but developing a plan of action can strengthen the bond you already have.

If someone you love is hesitant about beginning the process, discuss your willingness to help. If you're able, ease their mind by offering to be a fiduciary who will be responsible for managing their estate. Commit to becoming a travel companion when visiting estate attorneys and funeral planners to make the difficult conversation about death more comforting.

Here are factors to consider when bringing up estate planning with your loved ones.

HAVE THEY BEGUN PLANNING?

When you're unsure if someone has even started to pre-plan, the easiest way to find out is to ask. A simple way to approach the topic is to discuss your own experiences and the steps you have taken so far. Once the topic is under discussion, you should ask these questions.

- Do they have a living will



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or trust in place?

- Have they already planned and pre-paid for their funeral?
- Are they choosing a single estate manager or are the responsibilities distributed between different people?
- How much debt should you expect to remain? If they haven't given

thought to any of these questions, it's essential to encourage them to act.

DO THEY KNOW THE IMPORTANCE OF PRE-PLANNING?

If you find out that a loved one has not started the planning process, you can educate them on why it is so import-

ant. Discuss the possibility of their assets and finances being managed by local state laws rather than by their own rules.

Creating a legally backed last will and testament provides them the opportunity to distribute the belongings they spent their whole lives working for to chosen benefi-

ciaries.

They should also understand that pre-paying and planning their funeral can take a lot of stress off the shoulders of family members. It will also allow loved ones to begin the grieving process at the time of death, rather than make significant decisions to honor their legacy.