

# Estate & GUIDE Pre-Planning



# Inventory Your Belongings

No one likes to talk about their own death, but having a solid last will and testament will ease the amount of stress on your family at the time of your passing. A detailed list of your physical and financial belongings is an important part of this legal document.

Creating a physical list of your belongings will give you a visual guide for how you want to divide them among beneficiaries. It also will ensure that you didn't leave out anything.

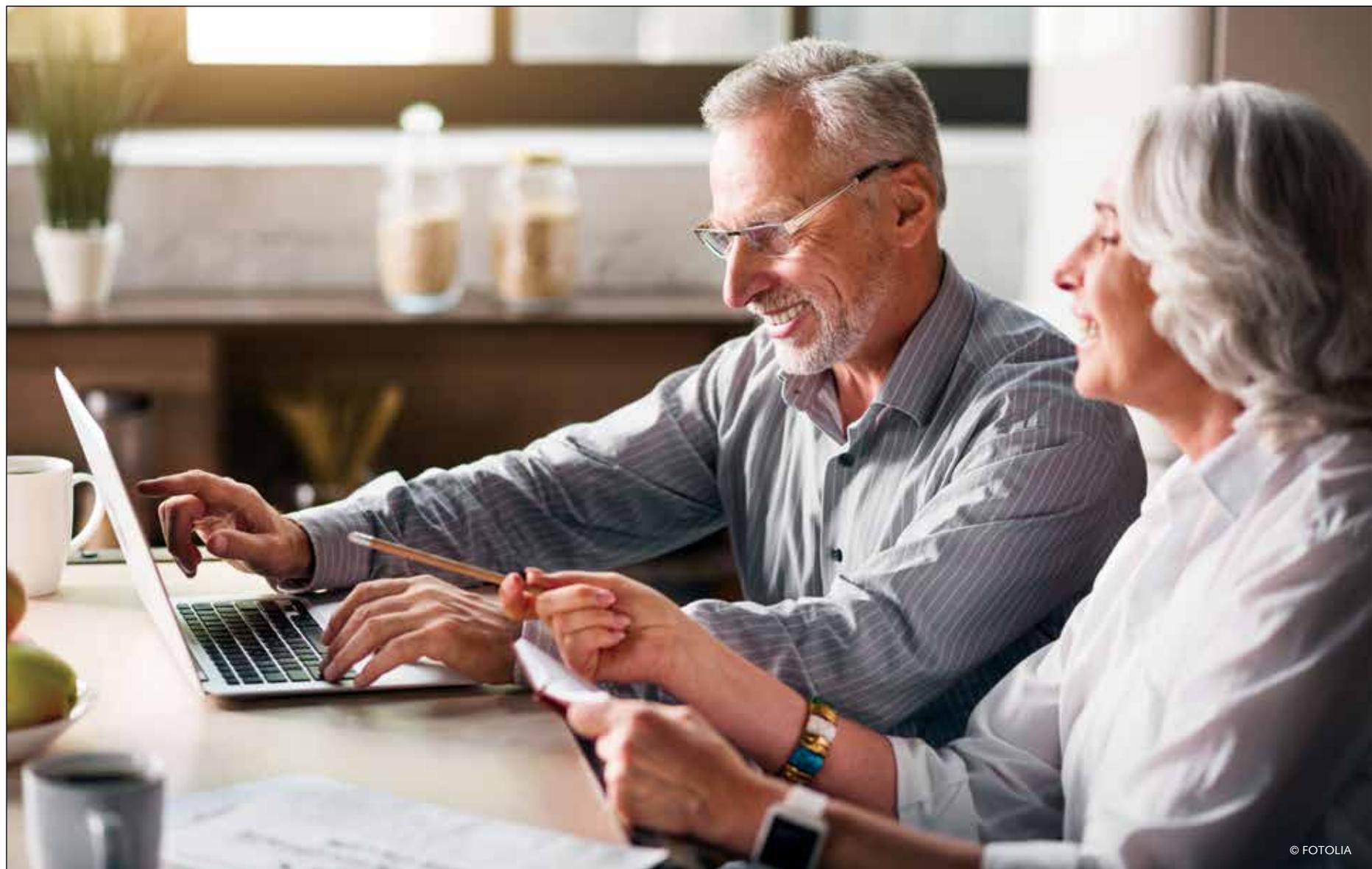
## PHYSICAL BELONGINGS

Taking inventory of belongings that you own will give you a good idea of your estate's overall worth. Begin in one room and jot down the items you feel are valuable and their estimated worth.

Indoor household staples you should include are typically televisions, furniture, jewelry and other expensive items. Typically, you should only list items that are worth more than \$100, but an item that you plan to give as a gift must be listed no matter the value.

Taking inventory outdoors is another part of the process. List vehicles, lawn equipment and any power tools you may have in your garage. These may seem like minor details, but you can alleviate a lot of the burden on your family by taking these steps.

If you are a collector of any special items such as stamps or autographed memorabilia, you may need to find an expert to give you an accurate appraisal of your collection's value. For instance, values of antique items can vary greatly. You may even find out you



have an antique of significant value during appraisal.

## FINANCIAL BELONGINGS

The next step of inventorying your belongings is to list your non-physical assets. List your bank accounts (joint or separate), 401(k) plans, IRAs, life insurance policies and

every other type of insurance policies you have. These may include homeowners, health and auto.

You can't have a solid plan for how your financial assets will be doled out without first knowing exactly what makes up your portfolio. Start working with an advisor today to

define and inventory the worth of your resources.

## DON'T FORGET DEBTS

Even after our death, our debts remain and can become the responsibility of whoever you choose as executor. This person will be charged with using the assets of your estate

to cover your debts.

Here you should list any money you owe for your home, vehicles, credit cards or medical bills.

It's a good idea to acquire a credit report to make sure there are not any lingering credit card or other debts you may have forgotten about.

# Health Care Directives

When preparing your final will, an important section will cover health care directives. This section provides legal instructions about the type of care you want in case you face a medical condition that leaves you unable to declare these wishes yourself.

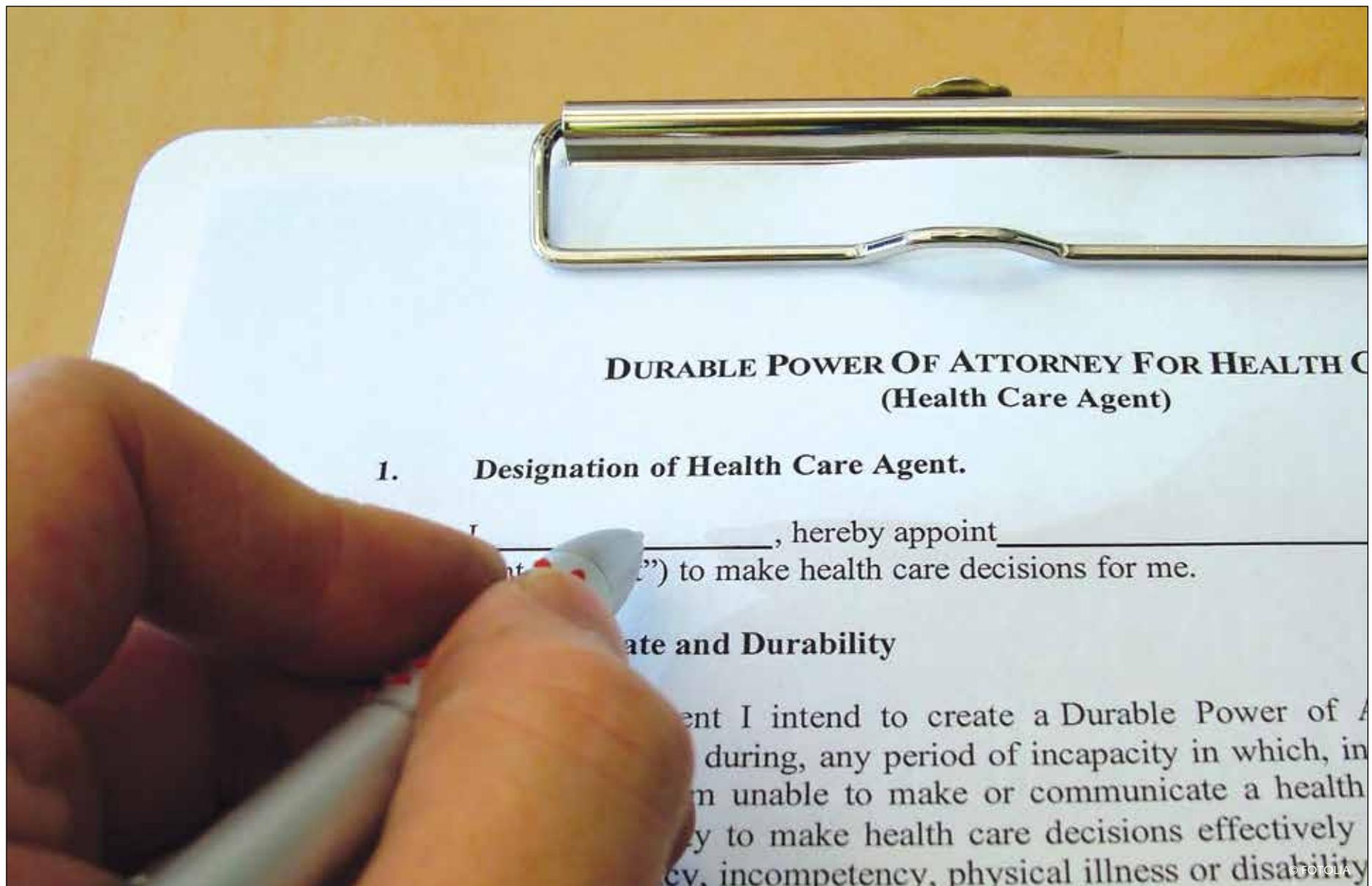
There are typically two documents that need to be completed before your medical wishes can become official in case you become incapacitated.

You may have heard the first one called a living will, an advanced directive or a patient advocate designation. Regardless what name it goes by, it is a crucial document. A second important document lists who you have chosen to be your power of attorney.

## CREATING A LIVING WILL

Your living will is created to explain how you wish to be treated during a medical emergency that leaves you unable to direct treatment on your own. This document covers important answers to questions regarding resuscitation, your desired quality of life and end-of-life treatments that you may either approve or reject.

When drafting your living will document, discuss its terms with your doctors, as they will likely be in on the decision about how treatment should be facilitated. Provide detailed instructions to your doctor on the treatment you prefer; he may be able to suggest other possible additions. Be as thorough as possible to take some of the weight off your power of attorney's shoulders.



## DURABLE POWER OF ATTORNEY

There are different types of power of attorney, but when creating your document, you should appoint a reputable power of attorney. This gives your chosen agent power to control your finances and

medical decisions if you are ever incapacitated.

The process of choosing a trustworthy power of attorney demands extreme consideration and trust, as you will be putting your medical wishes solely on them. The AARP has some useful tips on factors to

consider:

- Choose a loved one who you feel can handle the responsibility;
- Meet with an attorney to ensure your document meets state requirements;
- Give your choice access to your bank account to handle

your finances. She will only have access to funds in order to benefit you;

- Discuss the person's financial situation to be sure he is in good standing in managing his own money before you commit to him managing yours.

# Avoiding Probate

**P**robate is a sometimes lengthy process that happens after a death. It can take months to a year before your belongings are divided as you wished. This tedious process may cause unnecessary stress on your loved ones as they wait for the courts to decide on their inheritance.

There are different ways you can prevent probate and ensure your property passes directly to your beneficiaries without the hassle of court. Probate is easy to avoid and usually only takes a visit to your financial institution and instructions in your final will.

## **PAY-ON-DEATH REGISTRATION**

You can easily change your bank and retirement accounts into payable-on-death accounts. There is a simple form to fill out which gives you the opportunity to list a beneficiary. Ask your bank where you can find this form.

In some states you can even register your vehicles and home for the same type of transfers. This is possible by creating titles and deeds that are not allowed to be transferred until death.

## **JOINT OWNERSHIP**

If your state does not offer a way to make your home transferable at the time of death, consider making the beneficiary a joint owner. This can be completed by simply adding your loved one's name to your mortgage title.

If you intend to leave your home to a spouse, you may become familiar with the term "tenancy by the entirety."

This type of joint ownership that can only be used by married people and is an effective way to avoid probate after death.

If you choose to leave your home to



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someone other than a spouse, you will need to jointly own your property as joint tenancy. In the occurrence of death, the other owner automatically receives the property, avoiding probate.

## **GIFTING PROPERTY**

Sometimes the easiest way to avoid probate is to give your belongings away before death occurs. Obviously, it may be more difficult to give away large items such as homes or vehicles,

but consider giving heirlooms or other small items away to the beneficiary you intend.

As an added bonus, you also will be rewarded by being able to see the recipient's gratitude for the gift.

# Find a Professional Attorney

You probably have been overloaded with advertisements for DIY will programs that claim to meet legal standards. These documents are typically prepared by simply filling in blanks on a website.

They may be able to make your final will a legal document, but there is no substitute for a hands-on, face-to-face experience with a professional estate lawyer.

When executing an important, final document such as a will, you may find more comfort working with a real person rather than staring at a computer monitor. An estate lawyer knows all the intricate details that pertain to the estate laws of your particular state. He also will provide a personal touch that a computer program cannot.

## PRE-MEETING PLANNING

Your lawyer will require specific information about your finances and belongings. Before you meet with your lawyer, acquire documents that show where you stand financially.

The American Bar Association has listed some of the documents you should gather:

- Previous wills;
- Life insurance policies;
- Powers of attorney; and
- Employment benefits.

Attending your meeting with these documents and information about your assets and financial situation will ensure a smooth start to processing your will.

## SCHEDULING A MEETING

A consultation with an estate lawyer will be the first step in the process of creating your final will. Here, you can get a quality explanation of how a will should be written up and how it dictates the distribution of your belongings after your passing.

This initial meeting is your chance to become comfortable with your estate lawyer's firm. Inquire about rates and ask to have them put into an engagement letter, which acts as a written agreement between you and your attorney. If your state does not require this letter, it still is a good idea to inquire about one for peace of mind.

## IS DIY WORTH THE RISK?

Most DIY will programs have a disclaimer that states something like, "not a law firm and not a substitute for the advice of an attorney." Why risk the assets you spent most of your lifetime working toward without some reassurance?

An estate lawyer will do far more than just draft a document. She can offer experienced advice and tailor your will to protect your family and assets. You also will have someone who is able to legally stand up for your estate when you no longer can.



# Going Without a Will

**W**ithout a will, you are playing with a dangerous game of chance. If you don't have a legal method to outline who you want in possession of your property, state law steps in and decides for you.

Most likely, the state will leave your belongings to your closest family members, such as a spouse, children or immediate family members. This may delay the process of a transfer, however, and if close relatives cannot be located, your belongings are inherited by the state.

## INTESTATE

Dying intestate means that you died without providing a valid final will. This means you are giving the state full control of your belongings and how they are divided. In this case, the state will have full control on your bank accounts, retirement funds, real estate and any other assets you possessed.

Each state has different intestacy laws to determine what happens to your estate. How they decide to divide your belongings depends on your marital status and whether you had children. In some cases, your entire estate can be split in equal shares between your spouse, children, siblings, aunts and uncles, and even distant relatives who may not be a large part of your life.

Preparing a will is the only way to ensure the ones you love the most will receive the inheritance you leave behind.

## LEGALIZING A WILL

Creating your final will is



your way of dividing your belongings up among loved ones after you're gone. This can ease the stress your family must deal with after your passing. Your will is not worth any-

thing, however, until it has been legalized.

State laws differ when it comes to legalizing a will, so it is best to check with a local attorney. Most states only

require a will to be signed by two witnesses and be signed and dated by yourself to make it official. Your witnesses must watch you sign and date the document and are not to be

listed as beneficiaries to your inheritance.

It is usually not required to get a will notarized, but it may help simplify court procedures in case of a challenge.

# Estate Plan Maintenance

**Y**ou have taken all the proper steps to secure your family with an inheritance that you spent your life working toward.

Your estate plan still requires some maintenance and possible overhauls. There are several major life events that should cause you to take a look at the plan you have in place.

If you created your estate plan as a young adult, it is very possible that your plan could use some different tweaks as life goes on. It is very easy to adjust documents such as your final will and power of attorney as monumental life events occur.

## HOW OFTEN YOU SHOULD REVIEW

While there is no legal requirement to pay additional attention to your estate plan once it's been written up, it is still important to update it. Consider letting your estate lawyer look over your documents at the beginning of each year. This will ensure that your documents hold up to new laws and tax codes that are introduced yearly.

Major life events require immediate attention to your plan as they occur.

A more thorough review of your estate plan should be reviewed at least every five years. This will allow you to adjust your assets and financial status to their current levels.

## MAJOR LIFE EVENTS

Life happens. Sometimes great things occur, but alternatively, negative things can require a change in your estate plan. What kind of events constitute major life events?

- **Marriage/divorce:** Either of these events occurring will require a swift change to your plan. In this instance, you will probably want to add or delete a beneficiary.

- **Moving:** If you decide to lay roots in a different state or country, you will need to redo your plan in accordance to the new location's tax and estate laws.

- **Death:** If someone who is listed as a beneficiary in your will passes away, you will need to adjust their inheritance amongst other heirs.

## OTHER CAUSES FOR UPDATES

Outside of regular maintenance and major life events, there can be other reasons to update your estate plan.

Sometimes, your designated power of attorney will be unable to uphold the responsibility required. This could be due to illness, moving long distance or death.

Changing doctors is another reason to adjust your plan. You will need to meet with your new doctor to discuss medical directives you set up previously.



# Digital Estate Planning

Traditionally, estate planning required a will, power of attorney and documents supporting life insurance and financial accounts. In the modern day, there is another crucial piece to the puzzle. You also should have a plan in mind to manage your digital estate.

The American Bar Association defines digital assets as, “any online account you own or any file you store on your computer or in the cloud.” For most of us, that’s a lot of content. For this reason, it is important to administer a clear plan for your digital assets after you’re gone.

## MAKING A LIST

The best way to begin assessing the number of digital assets you own is to create a physical list. This list should contain any computer hardware, social media accounts or any account you use to manage your online finances. Here are some examples:

- Hardware includes computers, hard drives, tablets, smartphones, e-reader or any other digital device.
- Information that is stored electronically. This includes email accounts, domains you own, online banking accounts or shopping accounts.

## WHAT SHOULD BE DONE UPON DEATH?

Now that you have a complete list of your digital assets, it’s time to determine how you want an executor to handle them. A digital executor is someone you choose to be responsible for your digital assets after death. Share your plans with them on how you



want your digital assets managed.

You can give this executor instruction and permission to do many different tasks in order to manage your digital estate. Some of these include:

- Closing accounts that require a monthly premium for

service. This could be online television streaming or music streaming services.

- Transferring any credits or money from online payment accounts to your heirs.
- Informing online communities that you may have frequented of your passing.

## IS IT NECESSARY?

While some states don’t legally recognize digital estate plans, it is still a good plan to have.

Your loved ones should know about any website that may store important financial information, like credit cards

or banking numbers. This way they can terminate the accounts and stop payment from being deducted.

Discuss with an estate attorney how you can legally name a digital executor. He should be familiar with the necessary language.