

Introduction to Estate Planning

Estate Planning is an essential component to your overall financial plan. It allows you to gain more control over aspects of your life both during your lifetime and after your death. The goal of this document is to prepare you for the questions that will be asked by your financial advisor as it relates to your estate plan.

There are five major decisions that go into each estate plan. Those decisions are described below, along with examples and a description of people in your life that may be up to the task.

1) Beneficiaries – This is WHO will get your assets when you pass away. Generally, if you have children, we see to it that things go to your children in equal shares. However, there are also opportunities to leave things to charity (via a specific dollar amount after a death), or to other loved ones.

2) Method of Distribution – This is HOW your beneficiaries will get everything when you pass away. Depending on the age and financial capabilities of your beneficiaries, you may wish to delay distributions to a beneficiary. For example, for young beneficiaries, we often see clients give it in stages (1/3 at 25, 1/3 at 30, and 1/3 at 35). Please keep in mind that those young beneficiaries will have immediate access to funds for health care, education, and support. If you have a beneficiary with special health needs, you can leave assets for them through a special needs trust.

3) Successor Trustee/Executor/Financial Power of Attorney – This is the person (or people) who will make financial decisions for you in the event you cannot. The type of person who makes a good trustee is someone who is financially responsible, would handle finances similar to you, and is generally a good decision maker. If you don't have a family member or friend who fits the bill, you can consider a professional trustee. Generally, there are 2-3 successors named (in order of preference).

4) Health Care Power of Attorney – This is the person (or people) who will make health care decisions for you in the event you cannot. The type of person you name here would need to be able to make decisions during a difficult, emotional time. You will have the ability to state your end of life and organ donation wishes in this document as well. Generally, there are 2-3 successors named (in order of preference).

5) Guardian (if necessary) – This is the person (or people) who will have legal custody of any minor children should you pass away. The guardian will work with the trustee to access funds for any minor children. We often see your parents, siblings, or dear friends named here. We also see other children you have that are over the age of 18 named here. Generally, there are 2-3 successors named (in order of preference).