



# ESTATE PLANNING 101

## EVERYONE HAS AN ESTATE, NOT JUST THE WEALTHY OR ELDERLY.

From furniture to investments, anything an individual owns is included in the estate upon their passing. Estate planning is the process of organizing one's personal and financial affairs and the management of those elements in the event of mental incapacity or death.

To have a proper estate plan, several key documents should be in place. Each estate plan is tailored to the individual, but the following documents are generally common to most plans.

### LAST WILL AND TESTAMENT

A last will and testament provides a detailed list of instructions for how an individual's property should be distributed after he or she dies. Individuals who pass away without a will have their estate settled in a probate court, where a judge determines how to distribute the assets of the deceased. Having an estate settled in probate court creates additional cost to the estate and can also be a time-consuming process that delays the distribution of the assets to beneficiaries.

A last will and testament also designates a guardian for any minor children and an executor for the estate. It is the executor's responsibility to carry out the wishes of the deceased.



### POWER OF ATTORNEY

A power of attorney allows an individual to name a trusted person or institution to make decisions on his or her behalf. Because life decisions are very broad, certain types of powers of attorney are necessary.

- **Durable General Power of Attorney** Having a general power of attorney enables a trusted agent to handle all business affairs, including financial decisions. This power of attorney is not reserved only for people who are incapacitated but also for anyone who might be temporarily unavailable.
- **Durable Health Care Power of Attorney** Because health care decisions are a more personal matter, a close family member or friend is a typical choice to serve as a health care power of attorney. The health care power of attorney is authorized to make health care decisions if the individual is unable to do so. Much like the general power of attorney, this is not limited to the event of incapacitation. Also note that an agent must be named to access medical records.

## **ADVANCE MEDICAL DIRECTIVE (LIVING WILL)**

A living will specifies an individual's wishes about certain medical care and life-prolonging procedures. This directive can only be put into action if the individual is unable to make those decisions because he or she is terminally ill or injured and there is no realistic hope for survival.

This document can clearly define the wishes of the individual to eliminate any uncertainties or family burden.



## **TRUST**

Many types of trusts can be established to accomplish various needs. A common type of trust to help alleviate the often painstaking task of probate is a revocable living trust. While still maintaining control of the trust assets, an individual can help ensure proper distribution upon death.

Creating a well-designed estate plan is a critical step in the development of an overall financial plan. Any life changes, including personal, family, financial or health, can prompt a change in the estate plan. These changes should be made only after consulting with a wealth advisor and legal counsel. Having these key documents in place can provide peace of mind and protection for an individual and loved ones left behind.

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