The Ultimate Estate Planning Checklist

1. Inventory your stuff

The tangible assets in an estate may include:

- Homes, land or other real estate
- Vehicles including cars, motorcycles or boats
- Collectibles such as coins, art, antiques or trading cards
- Other personal possessions

The intangible assets in an estate may include:

- Checking and savings accounts and certificates of deposit
- Stocks, bonds and mutual funds
- Life insurance policies
- Retirement plans and individual retirement accounts
- Health savings accounts
- Ownership in a business

Once you inventory your tangible and intangible assets, you need to estimate their value. For some assets, outside valuations like these can help:

- Recent appraisals of your home
- Statements from your financial accounts

When you don't have an outside valuation, value the items based on how you expect your heirs will value them. This can help ensure your possessions are distributed equitably among the people you love.

2. Account for your family's needs

- **Ensure you have enough life insurance** — If your next question is "How much life insurance do i need?" It depends on factors such as if you're married and whether your current lifestyle requires dual incomes. Life insurance may be even more important if you have a child with special needs or college tuition bills.
- **Name a guardian for your children** — and a backup guardian, just in

case — when you write your will. This can help sidestep costly family court fights that could drain your estate's assets.

- **Document your wishes for your children's care** — Don't presume that certain family members will be there or that they share your child-rearing ideas and goals. Don't assume a judge will abide by your wishes if the issue goes to court.

3. Establish your directives

A complete estate plan includes important legal directives.

- **A Last Will and Testament** A last will and testament is a legal document outlining your wishes for how your property and affairs are to be handled when you pass away, and how you wish your funeral to be conducted. It is also commonly called a "will" or "last will."
- **A trust** might be appropriate. With a revocable living trust, you can designate portions of your estate to go toward certain things while you're alive. If you become ill or incapacitated, your selected trustee can take over. Upon your death, the trust assets transfer to your designated beneficiaries, bypassing probate, which is the court process that may otherwise distribute your property. There's also the option to set up an irrevocable trust, which can't be changed or revoked by the creator.
- **A medical care directive**, also known as a living will, spells out your wishes for medical care if you become unable to make those decisions yourself. You can also give a trusted person medical power of attorney for your health care, giving that person the authority to make decisions if you can't. These two documents are sometimes combined into one, known as an advance health care directive.
- **A financial power of attorney** allows someone else to manage your financial affairs if you're medically unable to do so. Your designated agent, as directed in the document, can act on your behalf in legal and financial situations when you can't. This includes paying your bills and taxes, as well as accessing and managing your assets.

- **A power of attorney** can be useful if the idea of turning over everything to someone else concerns you. This legal document does just what its name says: It imposes limits on the powers of your named representative. For example, you could grant the person the power to sign the documents on your behalf at the closing of a home sale or to sell a specific stock.

4. Review your beneficiaries

Your will and other documents may spell out your wishes, they may not be all-inclusive.

- Check your retirement and insurance accounts. Retirement plans and insurance products usually have beneficiary designations that you need to keep track of and update as needed. Those beneficiary designations can outweigh what's in a will.
- Make sure the right people get your stuff. People sometimes forget the beneficiaries they named on policies or accounts established many years ago. If, for example, your ex-spouse is still a beneficiary on your life insurance policy, your current spouse will get the bad news — and none of the policy's payout — after you're gone.
- Don't leave any beneficiary sections blank. In that case, when an account goes through probate, it may be distributed based on the country's rules for who gets the property.
- Name contingent beneficiaries. These backup beneficiaries are critical if your primary beneficiary dies before you do and you forget to update the primary beneficiary designation.

5. Plan to reassess

Life changes. So should your estate plan.

- Revisit your estate plan when your circumstances change, for better or for worse. This may include a marriage or divorce, birth of a child, loss of a loved one, getting a new job or being terminated.

- Revisit your estate plan periodically even if your circumstances don't change. Although your situation may be the same, laws may have changed.
- It will take some effort to revise your plan, but take heart. The need to revise means you've already avoided the biggest estate planning mistake: never drafting a plan at all.