

# Things You Need for an Estate Plan

Estate Planning isn't just for rich people; it's an opportunity for people of any age to control who will inherit their money and property, and to decide who can make medical and financial decisions on their behalf if they're unable to do so themselves. You need to make a lot of estate-planning decisions when you get older, but even young people just starting out should have some key documents to make their wishes known if anything happens to them. And the coronavirus pandemic is making more people realize the importance of being prepared for the unexpected at any age.

## Estate Planning

Your estate-planning needs change throughout your life – starting when you're 18 and legally an adult, then making benefits decisions at your first job, getting married and having kids, accumulating more assets through time, and preparing for the next generation to inherit your estate. A comprehensive estate plan should consider what happens in the event of both death and disability. And you should also have some of these legal documents if your aging parents need more help making financial and health care decisions as they get older. These goals can be accomplished through various means, including properly setting up ownership of assets, designating beneficiaries where possible, and executing one or more **estate planning forms**. In addition to financial matters, an estate planning checklist should also consider the guardianship of any minor children, and medical treatment planning. It's important to consider the following estate-planning moves at any age:

- A will.
- Beneficiary designations.
- Health care power of attorney.
- A living will.
- Durable financial power of attorney.

- Your Children's Guardians .
- A trust .
- Long-term care plan.

## A Will

You may not need a will when you're just starting out and your only assets are your retirement savings, which will pass to your designated beneficiary whether or not you have a will. But you should consider a will when you get any property that doesn't have a beneficiary designation.

If you own property and want to control the disposition of that property upon your death, you need a will regardless of whether you are married or have children. You should review it every three years and upon any major life changes, such as births, deaths, marriages, changes in financial situation, and moving to a new county/country."

Without a will, assets that don't have beneficiary designations or certain types of joint ownership are passed to your heirs based on country intestacy law, which determines who will inherit your estate. These rules vary by country, but generally your surviving spouse will get the largest share, followed by your children, if you have any. But if you want any of your assets to go to an unmarried partner or other person, or if you're remarried and have a blended family, it's important to have a will that spells out who you want to inherit the property. It can also be a good idea to have a will if you buy a house with another person or if someone else depends on you for financial support. Your will also lets you specify who will administer your estate as executor or personal representative

## **Beneficiary Designations**

Even if you're just getting started in your career, you'll need to name a beneficiary for your retirement plans and any life insurance benefits at work. You may name your parents if you aren't married and nobody is depending on you financially, but be sure to update the beneficiary designations as your life changes – especially if you get married or divorced. It's not something you put in the drawer and not look at, but a lot of people forget about the beneficiary designations.

It's easy to lose track of your beneficiary designations, especially if you have several retirement plans with former employers, but it's essential to keep them up to date. Your beneficiary designations determine who inherits those accounts or life insurance, even if your will says otherwise. Your parents could still inherit your retirement accounts after you get married if you haven't updated your beneficiary designations, or your former spouse could inherit the money if you don't update the designations after you get divorced.

You may also need to change your beneficiary designations as laws change. Inventory all of your retirement plans and insurance policies and make sure your beneficiary designations are up to date every few years and especially if you have life changes – such as if you get married or divorced, if you have children or they turn 18, if you have grandkids, if you want to leave some of your accounts to charity or if any of your beneficiaries die

## **Health Care Power of Attorney**

This document allows someone else to make health care decisions on your behalf if you're unable to do so yourself. It can help to have a health care power of attorney (also called a medical power of attorney) even as young as age 18. "Once someone turns 18, they become a legal adult, and the parents

don't have the right to make medical decisions for them. It's unlikely that a young person becomes incapacitated, but it happens,". It's also important to update this document through time – so your spouse can make medical decisions on your behalf rather than your parents after you get married. If you have a partner but aren't married, it's particularly important to have a health care proxy giving your partner these legal rights. And aging parents can name adult children as their health care proxy if they want them to be able to make medical decisions on their behalf if they can't do so themselves.

## **A Living Will**

A living will is a legal document that lets you specify your wishes for end-of-life treatment – for example, whether or not you want to be resuscitated or intubated or want life-sustaining treatment. It's important to have your wishes known so you don't have a big family fight.

## **Power of Attorney**

A durable power of attorney lets someone make financial decisions on your behalf. A power of attorney can give adult children legal authority to help their aging parents with their finances – without one, they may not be able to work with the bank, investment firms or other financial institutions or make financial decisions. But the form can also help anyone age 18 or older if they need someone else to help manage their finances in an emergency, whether their parents, spouse, siblings, partner or other trusted person.

Every adult needs a durable power of attorney for your legal and financial decisions. If you become incapacitated and you don't have a durable power of attorney, nobody has the right to manage your affairs. When you have someone who doesn't have a power of attorney and something bad does

happen, it's already traumatic, and when you can't do the things you need to do for that person, it makes it so much worse. Without a power of attorney, you may need to go to court to have someone appointed for conservatorship to be able to manage the finances for a relative who didn't have a power of attorney.

If you are helping aging relatives, it's important to get the power of attorney documents completed before your parents are incapacitated – such as if they have dementia that is worsening. Also find out if their bank and other financial institutions require separate power of attorney forms.

You need to choose your power of attorney carefully because they will have authority to make decisions with your money and could open the door to fraud. You still maintain control over your assets; you're just adding someone else who can also have control over those assets. It has to be somebody you trust and will do the right thing by you. It's important to talk with the person who has this power of attorney about your financial wishes.

## **Your Children's Guardians**

When you have children, it's essential to update your will to designate who will be the guardian for them if both parents die. You can also include instructions for the guardian about your wishes for raising the children, and it's important to talk with them beforehand. If you're going to appoint somebody as the legal guardian of your kids, you should talk with them in advance to make sure they want to do it.

Choosing a guardian can be a difficult decision, especially if you have several family members who could raise your children – but it's better to think about it and choose someone now rather than have the government decide or your family fight over raising your child after you die. Things to consider: values, competence, child-rearing

skills and geography. Would your child have to move to a different area? If you choose the grandparents, would they continue to be the best choice as they get older? "Parents need to make their best available choice and then review it periodically. It's also a good idea to have a trust that provides money to help the guardian raise the children.

## **A Trust**

You may not need a trust if most of your assets pass through beneficiary designations or joint ownership. But a trust can give you more control over who receives the money and when. There are several kinds of trusts. With a revocable living trust, you control the assets while you're alive. While you're alive, the assets in the trust are yours and you can do whatever you want with them. It's changeable at any time when you're alive. As you amass more assets, the trust can change over time to account for all of these things.

The trust bypasses probate, which is public and can be time-consuming and expensive in some countries, and then the trust determines when your heirs receive the money and any special instructions – for example, you may want to keep assets for your grown children in the trust and managed by a trustee until they reach their 30s. And it's essential to have a trust if you want to leave an inheritance to minor children. If you have minor children, you'll need a trust, because minor children are not able legally to hold property in most countries.

You can also appoint a trustee who could manage the assets if you become incapacitated, which often gives you more control over the money than you would have with a durable power of attorney.

# Long-Term Care Plan

Estate-planning lawyers also emphasize how important it is to start thinking about your wishes for long-term care if you eventually need custodial care in a nursing home, assisted living facility or your own home.

As you get older, it is very important to devise a plan for your long-term care, including who, where, how and manner in which it is paid, as opposed to relying upon your agent to devise a plan when there is a crisis. Part of this planning is deciding where you'd like to receive care, and letting your children or other relatives know so they don't have to worry about your wishes if they need to find care for you in an emergency. Some are very proactive, as they want to be in control of their later years and how that happens. They either have very strong feelings about staying in their own home or finding the correct retirement community. When they do research and take action and set these things up, it gets a good plan in place and it takes the burden off of children and also it prevents crisis. Some may want to have more money available to have care in their own home and adapt their house to age in place.

The other part of preparing is figuring out how you may pay for the cost of care, whether it's through your own savings, through long-term care insurance, or through planning. All of these steps take advance planning – you won't have as many options if you wait until you need the care.

Once people are in their later 60s and early 70s, they're thinking about how do you pay for long-term care and how does your estate plan reflect that?.