



ABCs of Estate Planning

The process of estate planning is often misunderstood. In the minds of many people, the term assumes wealth and heirs. Single people of modest means may mistakenly believe they don't "need" estate planning. However, planning for the disposition of one's assets upon death offers *everyone* significant benefits.

The greatest benefit may be in knowing that your wishes will be respected. Naming your heirs and relieving them of unnecessary costs and stress by carefully designating which assets they will receive is far preferable to having a court make such decisions. Estate planning should include not only designating your heirs, but also possibly using tools such as **trusts** to protect your assets. This will help ensure they go to the people you care about rather than to the government. And, in the event of mental or physical incapacity, an estate plan can enable other people to help care for you and your property through a **durable power of attorney** and a **health care proxy**. You may also want to include a **living will** among your estate planning documents so your physician knows your wishes regarding life-saving measures in hopeless situations.

Wills are important

A will is the basis of any estate plan, simple or complicated. To draw up your will, you should consider using the services of an attorney qualified to do estate planning. Although you may think you know your own mind and can do it yourself, an estate planning professional will ask you tough questions you may not have considered.



Naming Names

The first name to settle on is that of your **executor**. Next will be the **beneficiaries** of your **insurance** policies. Beneficiaries, and **contingent beneficiaries**, of assets in retirement accounts, such as **pensions, 401(k) plans, and Individual Retirement Accounts (IRAs)**, are kept on record with the retirement plan administrator, and these nominations take precedence over your will. Retirement plan assets pass *directly* to the beneficiaries, bypassing **probate** court, unless the estate is named.

You'll want to make sure that you have considered *all* of your assets when you designate your beneficiaries.

Time for a Trust?

Not everyone needs a trust, but it is a good idea to discuss the option with your financial planner and/or your estate planning attorney. Trusts come in several varieties, simple to complex. Each family situation is different, so there are no one size fits all answers to the trust question. If you own your home, this might be a good reason to set up a **revocable trust**. If you have children with special needs, this might be a reason to set up a **special needs trust**. Numerous types of **irrevocable trusts** exist in order to address the many different estate planning needs out there. Assets in a trust do not pass through probate, allowing for **privacy** that many people prefer during an estate transfer process.

Regardless of the level of your **net worth**, there are a number of reasons why you should consider an estate plan. Take steps now to ensure your wishes will be implemented and followed and that provisions will be made for your dependents and loved ones.

