

Estate Planning Fundamentals

Many individuals put off planning their estate. For some, this is due to the misconception that estate planning is only necessary for the wealthy or only involves tax planning, which can be done “later.” For others, it’s because they simply have a difficult time contemplating their own death—a perfectly natural reaction. Yet, it is important to recognize that regardless of these issues, *solidifying the future of your family* is probably high on your list of priorities. That’s why a well-structured estate plan is invaluable. Through it, you can control the distribution of your assets and possessions during your lifetime and after your death, as well as name guardians for your children or plan care for other dependents.

Getting Started

Your first step in developing an estate plan should be to assemble a competent, professional estate planning team. For some, this initial step is a difficult one, because it requires you to share your personal thoughts, fears, wishes, and financial affairs with others. Therefore, it is often comforting to incorporate at least one trusted advisor, regardless of his or her area of expertise, in the estate planning process. Certainly, your attorney will play an instrumental role in preparing any necessary legal documents. However, your financial professional, bank trust officer, insurance agent, or accountant may also need to become involved. Generally, the size and complexity of your estate, as well as the existence of an established relationship with an advisor, will dictate the overall involvement and/or need for additional professional expertise or emotional support.

Initially, your estate planning team will focus on your current financial position. This is a very important part of the estate planning process, because you need to know where you stand *today* in order to accurately plan for the *future*. For this reason, you will need to gather any and all materials involving current or future income, property ownership, insurance, and legal arrangements already in place. This may require you to divulge a lot of private information, but it is a necessary part of the estate planning process. Here is some of the information you’ll need to provide:

- Current income from employment and all investments.
- Investment documents, certificates, statements, passbooks, etc.
- All retirement benefits: Social Security (including survivors’ benefits), Individual Retirement Accounts (IRAs), pension and profit-sharing plans.
- Any expected deferred compensation.
- Deeds to primary and vacation residences.
- Life insurance policies of which you are the owner, the insured, or the beneficiary.

- A list of all personal property.
- Current and expected debts and obligations, including mortgage and loan balances, real estate liens, taxes payable, consumer debts, and estimates of funeral costs and estate settlement expenses.
- Your will, if you have one.
- Trust agreements, if any.

A complete analysis can begin once you've assembled this information. This will allow you to take a closer look at your family's needs. Some important questions that you will find answers to are the following:

- How will your family's overall cost of living requirements change in the years ahead?
- Who will take care of any minor children if something happens to you?
- Who will make medical and financial decisions on your behalf if you become incapacitated due to illness or injury?
- What are the estimated educational expenses when your children reach college age?
- Is there a family member who needs special care or medical attention?
- How will estate taxes affect your assets as they are currently held?

Keep an Open Mind

The careful planning of an estate requires you to share a lot of personal and financial information with one or more professional advisors. This fact alone often serves as an initial stumbling block to the planning process. However, without an *accurate* financial and personal portrait, your estate plan may not accomplish your goals and objectives. In addition, while most of your initial time will be spent creating your first estate plan, your circumstances—both personal and financial—are bound to change over time. Therefore, your estate plan will need to evolve so it will continue to address your needs and wishes.

By keeping an open mind and placing your trust in a competent advisory team, you can help ensure that your wishes for asset control and distribution will fall nothing short of your expectations.