

# Preparing For The Future

The main component of estate planning is to avoid probate court and to prevent assets from going to unintended beneficiaries. Probate is a court-supervised process for distributing your property to your heirs as determined by the court. Setting up a comprehensive estate plan can allow you to distribute your property and assets as you choose as to avoid probate and minimize estate taxes.

## **1. Determine Your Assets**

Assets that have title documents, i.e. real estates, can be set up so that upon your death the title automatically passes to a co-owner. The title document must clearly indicate that ownership is held as joint tenants with rights of survivorship, as tenants by the entireties, or as tenants in common.

Other assets such as, bank accounts, investments, and annuities, allow for an individual to designate a beneficiary.

## **2. File Beneficiary Designation Forms**

For certain assets you can designate someone to receive the property or proceeds upon your death, without giving them any current ownership rights. Several examples include – bank accounts, investments, annuities, and life insurance.

It is important to update your beneficiary designations periodically to ensure these assets are distributed according to your intentions at that time.

## **3. Consider a Life Insurance Policy**

Life insurance is a great vehicle to ensure that your loved ones are taking care of financially upon your death. The life insurance company will provide a lump-sum payment, i.e. death benefit, to the beneficiaries of your choice upon the insured's death. This money can be used to pay for final and burial expenses, pay off debt, protect your assets, and/or to leave to family members.

## **4. Draft a Last Will and Testament**

A Last Will and Testament allows the Testator to distribute all personal and real property according to their intentions. Furthermore, a Will can also address the care of any minor children or individuals with disabilities. Lastly, the Will allows the Testator to appoint an individual they trust as the Executor of their estate. The Executor will make sure that any debts

and creditors are paid off, and that any remaining property or money is distributed according to the Testator's wishes.

## **5. Consider A Living Trust**

A living trust is one of the most effective ways to avoid probate and provides for the easy transition of property to the individuals you would like to receive it. Unlike a Will, assets in a living trust will generally pass to heirs sooner. Property is transferred from you to the living trust, and you become the trustee. Upon your death, your successor trustee assures that the property is transferred to those you designate as trust beneficiaries. This transfer does not require probate.

## **6. Consider A Power of Attorney**

A power of attorney authorizes someone you trust to act on your behalf in financial and/or legal matters. The person who gives the authority is called the Principal, and the person who has the authority to act for the Principal is called the Agent. Generally, a power of attorney becomes effective upon the occurrence of a future event, i.e. mental incapacity.

## **7. Consider A Health Care Proxy**

A health care proxy designates someone to legally make decisions regarding your health care in the event you are mentally or physically unable to make decisions for yourself.

## **8. Consider A Living Will**

A living will, also known as an advance directive, sets forth your wishes regarding what types of life-sustaining medical treatment you want in the event you become terminally ill or injured. This allows you to provide specific instructions regarding the use of artificially provided fluids and nutrition, the use of cardiopulmonary resuscitation, and any other health care preferences which are important to you and which may help those concerned with your care to implement your wishes.

## **9. Store Documents Safely**

Once your estate planning documents are fully executed it is important to store them in a safe place. You can place the documents in a sealed envelope, and ask that it is only to be opened upon your death. Other methods include the use of a safe deposit box, personal fireproof safe at home, or leaving it with your estate planning attorney.