

## Prep Steps to Getting Your Estate in Order

The best estate planning begins early and is usually sparked or adjusted by major transitions in life – when a marriage is beginning or breaking up, when a baby's on the way, or when a major career change or inheritance increases an individual's assets or the assets of an entire family.

It's important to coordinate financial planning with estate planning because what you do with your money today will have a direct impact on the estate your heirs will receive years from now. It all starts with basic spending and planning goals. Here's a general road map to that process:

**Start with a trained financial planner:** Whether you plan to stay single, remarry or move in with a new partner, it's good to get a baseline look at your finances as early as possible before estate planning can begin. A CERTIFIED FINANCIAL PLANNER™ professional can help you review your new current spending and savings needs, compare strategies to achieve long-term goals, such as college and retirement and give you critical tools to protect your assets and loved ones if you die suddenly.

**Talk with a trained estate attorney about wills and other critical documents:** True, there are software programs and other kit solutions available to write basic wills, powers of attorney and certain simple trust agreements. These packages offer short-term savings but have the potential for greater costs in the long run if you choose the wrong package or fail to follow all instructions to the letter. It makes more sense to coordinate your financial planner's activities with an estate attorney who can tailor an overall estate plan specific to your needs. Even if you are very young with few assets, get some solid advice in this area so you'll be able to manage and adapt such planning as you age and your finances get more complex. It's usually a good idea to revisit your estate plan every five years or whenever you have a major life change.

**Make a guardianship game plan for your kids:** It's not enough to plan how money and assets will go to your children if you or your spouse die suddenly or are incapacitated. If your children are minors, it's particularly important to make sure you and your spouse have a guardianship plan for their upbringing as well as any assets they may inherit. You should give your chosen guardians a road map on how to handle the assets you leave behind. You should also *ask* your proposed guardians before you name them, while you still have the chance to name someone else if your first choice is unable or unwilling to carry out that responsibility. If there are any trust or wealth issues that will become effective for your children once they reach adulthood, it's important to establish an efficient legal structure, such as a trust created under your will for distributing those assets. A trust under your will would name a trustee who can train and guide your kids through that financial transition.

**Plan for kids who have special needs:** If one of your children is disabled and is expected to need lifetime assistance of some type, then you should consult a qualified attorney to help you create a special needs trust. It will help protect your child from having to give up any public or social financial assistance as well as access to special doctors, medical help, specific prescriptions or treatments that could be taken away if they were to personally inherit assets that would disqualify them for these programs. When such assets are held in a properly

designed special needs trust, they are not counted as the child's assets. The advantage is that those trust assets may still be used to support their housing or other personal living needs.

**Get solid insurance protection in place:** If you are married or are single with a child to care for, you really should consider purchasing insurance that will cover any eventuality. Not only will adequate life insurance benefit your family, but you and your family will also benefit from adequate health, property/casualty and disability insurance. If you're newly single, you need the best health coverage you can afford for yourself and your kids, but life, property, liability and disability insurance becomes doubly important, particularly if you failed to address those needs during the divorce. Even if your ex-spouse is cooperative with financial support, it's wise to insure yourself as if they weren't. A qualified financial planner should be able to review those options in detail.

**Review all your investments for primary ownership and beneficiary information:** While you are married, appropriate designation of property as separate, joint, or (if applicable) community property can provide legal, tax and asset protection advantages. In a divorce situation, even if you were advised correctly to change the names on assets you and your spouse were dividing between yourselves, you should perform a post-divorce review to review that the ownership names and beneficiary designations are indeed correct on those assets. And most importantly, to make sure all beneficiary information is correct.

**Plan for multigenerational issues:** For individuals and couples with elderly parents and/or young kids starting out on their own, it might be smart to do a multi-generational estate checkup at the same time. Why? Because in families with significant assets or other pressing financial issues involving businesses or dependents, each generation's wishes for the dispersal of shared or personal assets should be documented legally and shared with all the relevant parties. In some families, this may mean the future of a multigenerational family business, perhaps one of the most complex estate issues any family will face. For other families, the assets may consist mainly of cash, property and other investments, but similar problems can occur when all the parties aren't on the same page about who will get what, how and when they will get it, and who is in charge during the process.

**Activate trusts and other estate transfer mechanisms:** It is surprising how often estate attorneys and other people in the advisory process fail to get their clients to actually title assets in the name of living trusts and other mechanisms to transfer wealth. It's not enough to set these mechanisms up – get step-by-step instruction on what needs to be done to make them effective.

**Make sure your health and financial representatives know your wishes:** Often people tell a close friend or relative that they have been given power of attorney over health and financial decisions of a loved one, but there's no further effort to share those wishes or show them what their legal documents specifically instruct them to do. Both sides should go over this information as soon as the person agrees to be the other's representative.