



# What Is Your Plan?

## Protect the Future For the Ones You Love

According to a recent survey, nearly two-thirds of Americans don't have a will\*—which leaves it up to a judge and the laws of the state to determine the distribution of their assets and belongings if they should pass away unexpectedly.

Avoiding important estate planning decisions could eventually mean that someone else has to make them for you. The results may not be in the best interests of your family and could even fail to meet their future needs. A thoughtful estate plan takes your priorities into account, protects your heirs, and establishes your legacy.

\*Source: Financial Planning Magazine, March 2010

### The Problem with Probate

Probate is the means by which state courts validate a will and clear the executor to pay debts and taxes, sell property, distribute funds and perform other tasks necessary to settle an estate. It can be a lengthy and expensive process, with probate costs often consuming **3 to 7%** of an estate's value—or even more if there is a dispute that runs up additional legal fees.

Source: Kiplinger Personal Finance, June 2010

## Document Your Decisions

These powerful estate planning tools are designed to express your desires clearly and to provide guidance to your family and/or representatives during a difficult time when you would be unable to do so yourself.

- A **Last Will and Testament** provides for the care of minor children by establishing guardianship and dictates how you want your remaining assets divided among your heirs. An executor is named to oversee the distribution of assets and pay any taxes, debts or other obligations that are due.
- A **Trust** is a separate legal entity that is structured to hold assets which you transfer to it. Trusts help prevent financial uncertainty, delays and family discord after death by directing the prompt distribution of the estate. Unlike a will, the contents of a trust typically avoid probate and are also kept private—and some can be used to reduce taxes.
- A **Power of Attorney** allows a designated individual to handle critical financial transactions on your behalf if you become incapacitated. This can include powers that range from signing checks for household expenses to arranging the sale of property or other personal or business assets.
- An **Advance Healthcare Directive** is a Living Will (which expresses your preferences concerning life-sustaining procedures) or a Healthcare Power of Attorney (which allows an individual to make healthcare decisions on your behalf) or both.



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## Get Ready... To Form Your Plan

- ✓ Meet with your agent to review a CMA and determine the value of your home and/or investment property.
- ✓ List the current value of all other assets and possessions, including investment accounts, vehicles, artwork, antiques, etc.
- ✓ Review life insurance coverage and consider whether it is adequate for your personal financial situation, debts and family obligations.
- ✓ If you have children, decide who you would like to designate as their physical guardian and/or their financial guardian (can be separate individuals).
- ✓ Determine how you want your assets divided among your beneficiaries.
- ✓ Think about potential healthcare decisions and who you would want to make them on your behalf.
- ✓ Collect all relevant documents such as financial account statements, real estate deeds and insurance policies. Make an appointment with an attorney who specializes in estate plans.
- ✓ Once finalized, keep a copy of all legal documents and related information in a fire-proof safe at home and/or in a safe deposit box.
- ✓ Give your appointed executor a copy of the documents and a specific letter of last instruction for safekeeping.

## Home is the Heart of Your Estate

To begin crafting a comprehensive estate plan or updating one that you already have in place, you should know the current value of all of your assets. For many Americans, their home is both their single largest investment and the center of their family life.

Your real estate professional can perform a comparative market analysis (CMA) using properties that have recently been listed and sold in your area. A current CMA will give you a good idea what your property is worth in today's market.

## Turn to an Expert

Legal documents are binding once they are prepared and filed, and estate tax laws are complex and change frequently. For these reasons, you may want to consult an experienced legal professional who can guide you through the difficult decisions and carry out your wishes.

Keep in mind that estate planning is a lifelong process that calls for regular adjustments as the law or your personal financial situation changes. Certain life events in particular (such as marriage, divorce, the birth of a child, death of a loved one, a move to another state or retirement) prompt the need to review and update your plan along with the associated documents as soon as possible.

