

Estate planning

A checklist for a secure legacy

A thorough estate plan describes your intentions as clearly and completely as possible so that others know your wishes after your death or if you are incapacitated. You may even need several types of documents to cover all of your bases.

- A **will** provides the strongest and most widely recognized platform for expressing your final wishes. Remember that a will is most effective when it's signed by you in the presence of witnesses.
- An **advance care directive** is the formal name for a living will. You can use one to specify the course of your medical treatment at times when you cannot articulate choices for yourself. But remember, state laws vary on the strength and enforceability of advance care directives.
- A **healthcare proxy** lets you designate someone to make choices about your medical care when you are unable to do so. Like the advance care directive, the power and range of a healthcare proxy's authority is dictated by state law, which varies widely.
- Statements of intent** allow you to lay out your philosophy and preferences for the guardians and trustees who will be asked to carry out your wishes. Statements of intent are your opportunity to articulate expectations for your dependents. You can also state desires that might not customarily be included in a will and trust documents.

The effectiveness of your estate plan rests in large part on the people you select to take over for you. Make sure you think carefully about all of the roles you'll need to have filled.

- The **executor** is responsible for carrying out the provisions of your will. The executor may be a professional, like a lawyer or accountant. He or she may also be a close confidant or family member.
- A **trustee** manages a trust you created and enforces the rules of that trust. Consider carefully whether you want to designate a specific person who knows your circumstances well or an institution that may offer depth of expertise and the ability to provide greater continuity than any individual might achieve.
- A **guardian** is the person who assumes your legal responsibilities for your children and any other dependents you might have in your absence.

You've spent a lifetime building your estate, so you'll want to take whatever steps you can to help ensure that it will be taken care of properly.

Careful planning may be especially important to conserve your assets and help minimize the effects of taxes. To do this, many people use trusts in their estate plans. Some trusts can be altered or even abolished by you if your needs change (revocable trusts). Other trusts cannot be changed in any way once they are implemented (irrevocable trusts).

- A **living trust** allows you to remain both the trustee and the beneficiary of the trust while you're alive.
- A **qualified personal residence trust** may allow you to remove a residence from your estate.
- A **generation-skipping trust** may be used to leave money in advance to grandchildren without giving them immediate access to it.
- A **qualified terminable interest property trust**, or QTIP, may be used to balance the financial needs of both a surviving spouse and future beneficiaries.
- A **special needs trust** may be used to finance long-term needs for a dependent who cannot fully manage his or her own affairs.

In many estate plans, taking care of others has a prominent role.

The most direct action may be to make cash grants or donations of assets directly to your favored organizations. But you can do more for your family and yourself now and in the future using trusts and even foundations.

- Charitable lead trusts** and **charitable remainder trusts** may be useful for philanthropic planning.
- Family foundations** can be used both to finance charitable activities and to engage your heirs in the meaning and goals of philanthropy.

Have you thought through what could happen to your business?

If it's a going concern, then it's more than just your current occupation. There are others to think of as well: partners and co-owners, heirs and employees to name a few. Here are some tools to help you address the interests of other constituents of your business.

- Management succession plans** specify who will take over your role.
- Buy/sell agreements** help to assure business continuation for the surviving partner(s) or co-owner(s).
- Family limited partnerships** help engage heirs and survivors.

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