A Guide to Estate Planning

It goes without saying that one of the oldest planning will stories for the other the least common aspiration is to leave behind a legacy. Whether it's a family heirloom or a meaningful prayer awaiting and preserving your family, which is why is surprising that 2 out of 3 Americans are unprepared for the inevitable, according to Caring.com survey.

The survey showed that only 32% of U.S. adults currently have estate planning documents in place. Among those surveyed, the Pew Research Center reported that 29% of respondents were seven or more years old.

Source: Caring.com 2016 Estate Planning Survey

As one might expect, older Americans are the most likely demographic to have an estate plan in place, with 45% of respondents 65 and older having a will, trust or other estate planning document in place, compared to just 18% of those between the ages of 18 and 34.

For those under 35, 20% have a will. Thankfully, that number has been on the rise, so only 16% reported having a will in 2015.

While many have neglected to have estate planning doesn't have to be difficult or depressing, and it can be a meaningful way to ensure your wishes are carried out and your loved ones are step-ups ensure for everything you need to get started with estate planning.

Estate Planning 101

If you haven't done any estate planning—or finding legal documents in mishaps and you or property and are out ionate end of life matters—it should be on your list of priorities. Estate planning is the process of ensuring that your assets are distributed in accordance with the prudential journal of the basic arrangements involved in estate planning, and the protections and resources they can provide.

What is estate planning?

Estate planning is a process in which someone specifies how their money and other property should be managed during life and after their death. Such a commitment includes a detailed plan for how to care for the person if he or she becomes incapacitated. This basic process communicates those wishes directly.

Estate planning documents will often included specific final arrangements, such as whether to be buried or cremated—and both specialized estate plans may even cover funeral and burial arrangements, and even pet care.

While these relatives expressed and expanding and thoughtfully detailed options may be the ordered and lockstep procedures that the term implies, in reality, it simply involves drawing up a plan for how your assets should be managed and how to conveniently celebrate for proper management and medical care.

What's in an estate?

When it comes to estate planning, myths and misconceptions abound. The most one is that only the wealthy need to have a will. In reality, everyone who has a family and property and remained put for those who have a lot of money or property.

In the eyes of the law, an "estate" is simply all of the property individuals own, both tangible and intangible. Tangible property includes things like real estate, vehicles, jewelry, bank accounts and cash, and. And it includes interest and money to which they are due entitled, such as insurance proceeds and securities dividends.

What happens without estate planning?

Estate planning is essential and is a vitally important benefit. Without it, decisions about your medical care, property and financial arrangements will be made without your input.

Medical decisions will fall to the treating doctor or hospital. Property will be divided and distributed according to state laws, which may not reflect your wishes. Your final arrangements will be carried out according to the whims of relatives or, in the absence of community customs. The pace these people or institutions put in place may be much the opposite of those for which they're making the decisions.

6 Key Estate Planning Questions for You or Your Parents

In deciding whether you need to do any estate planning (either for yourself or your spouse, parents or other family members), the decision-making process is not always easy. It may also be a painful process or clearly to receive after deaths and whether you have strong opinions about your medical care and final arrangements. Pew, it's usually wise to get some of the basic questions out of the way. Here are six questions to consider, which are arranged roughly in an outlined before or further delay.

But before considering specific legal decisions, there are the two questions you or your parents should consider:

1. What are my assets and what is their approximate value?
2. What people or organizations do I want to have these assets—and do I want to give them all at once or over a period of time?
3. Who should manage these assets during my lifetime and after my death?
4. Who should be responsible for taking care of me if I become incapacitated or if I become unable to do so?
5. Who should make decisions about my medical care if I become incapacitated? Who expect?
6. When I die, do I want my remains to be buried, cremated, donated or buried?

Important estate planning documents

Now that you've answered the above questions, it's time to start thinking about the legal documents that will make your decisions a reality. Depending on your specific circumstances and to wills and trusts (which are described in detail in the following sections) there are several types of estate planning documents you should consider, depending on your individual circumstances.

Joint ownership

When property, such as a house or bank account, is held in joint tenancy (also called tenancy by the entirety), it will pass automatically to the surviving owner. Joint tenancy is a common way for a married couple to own property. It is also a way for a parent to add a child as an owner or co-owner. There are cons to consider, however, and it is not a substitute for a clear plan of the.

Transfer or pay-on-death designations

Those who have an account in a bank, savings and loan or credit union may be able to designate a beneficiary who will receive the funds in the account. Similar designations are called payable-on-death accounts. A similar legal arrangement, a transfer-on-death designation, allows them to register stocks, bonds and brokerage accounts so that a named survivor does them automatically at death. Both methods avoid probate.

Powers of attorney for finances

The document allows you to name a trusted person, called an attorney-in-fact, to handle your financial affairs if you become incapacitated. The document can be broad or limited, giving the attorney-in-fact the authority to manage your investments and other financial transactions. If you don't have them and you become incapacitated, your family may need to go to court to get someone appointed to manage your finances for you—even if the appointee is unfamiliar with you or your family or finances.

To learn more about this document, visit our Guide to Power of Attorney for Finances.

Health care directives and powers of attorney for health care

These documents are called advance health care directives, allow you to name a healthcare agent to make medical decisions for you if you become incapacitated. The document can also include a living will, and is some someone to contact your family in the event of a medical emergency. Some states combine the two documents into a single document, called a health care. Although state laws differ slightly, these directives are usually enforced only if someone is close to death from a terminal condition or in a permanent coma.

Learn more at our Guide to Advance Health Care Directives.

Final arrangements

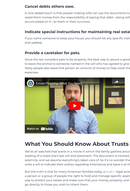
This document will give legal force to your wishes to be considered for body and organ donation, burial or cremation, and funeral or memorial services. Although it is not a legal type of documents that does affect other death, you may also choose to make a promise to oversee the final wishes are carried out as written.

When You Should Know About Wills

A will is the most basic estate planning document there is—and for some people, it is the only document they need to have in place. Wills are governed by the laws of each state and are usually valid if it and state stand doesn't crack.

In a will, you can specify:

- What property you want to leave to family, friends and organizations.
- Who you wish to act as guardian and manage property for any dependent children.
- Who you want to act as the executor of your estate, responsible for paying your debts and—if death, pay debts and taxes, and distribute remaining property to your family.
- Whether you want to cover any debts and taxes in your. a death.
- Your final wishes for your funeral and burial.
- Fear any other plan be a special need or disabling, and may want to consider other management the property that goes to him or her.
- Your wishes for care in the event your mental ability to conflict with a current illness.
- Fear that someone may claim that wills are invalid. There are much more details and nuances to wills than can be covered in this brief overview.



Wills 101

secondary trustee. In that case, nonprofit organizations such as Catholic Charities or Jewish Family Services can provide someone to serve in this role for a fee, which would be paid from the estate.

Once the last surviving trustee dies, it's this secondary trustee who carries out the primary trustee's' wishes, making sure assets go to the beneficiaries named in the trust.

Funding a Revocable Living Trust

A revocable living trust alone isn't enough to avoid probate. Once the trust is constructed, it needs to be "funded." This means the people creating the trust need to retitle their assets, such as real estate or brokerage accounts, as belonging to the trust. The trust itself is like an empty box; its value is determined by what's been put inside it. A trust can only avoid probate to the extent that assets are in it. "It doesn't do any good to have a beautiful trust with nothing in it," Biteler says.

Generally, all of the person's assets should be placed in the revocable living trust. The exception would be an IRA, which doesn't go into the trust; instead, either the trust or a specific individual is named as a beneficiary of the IRA. Life insurance is usually handled in the same way. A financial planner and attorney can and should assist the trustee in transferring his assets into the trust.

Drafting a Revocable Living Trust

When creating a revocable living trust, a person may find the help he needs in a good self-help book, software package or forms he's found online. One caveat is to make sure that such resources are state-specific and current, as state laws controlling living trusts differ and also change over the years.

Some people prefer to go directly to an attorney to draft and finalize the living trust document for them. If your family member wants to go this route, look for a lawyer who has experience in estate planning.

As a third option, your family member may be most comfortable learning about living trusts by reading a book or reviewing software, then doing a draft and hiring an attorney who will agree to review it before it's made final.

Revoking the Trust

A revocable living trust means just that—the trust can be revoked. Very few people do this, but most people can and should revise their trust periodically. It can be amended or restated in its entirety. (When your family member amends or restates their trust, they don't need to retitle his assets.)

"People think estate planning is static, but it's not. Trusts should be reviewed and revised, just like your investments and your insurance," Biteler says.

Every five years is a good benchmark. Laws change, and family situations and assets may have changed, too. The trustee may have changed their mind about whom they want as their secondary trustee. Secondary or contingent beneficiaries may have died or gone through a divorce. New grandchildren may have been born. Updating their trust ensures that their assets will go to those they intend, no matter what the law or circumstances.

How To Get the Estate Planning Process Started

Now that you've learned all about your options, and have started thinking about how you want to handle your estate, it's important to take action. There are three main ways to get started:

1. **DIY:** This involves researching the process and creating a will yourself without the help of any services or professionals. While this may end up being better than nothing, there are a lot of risks to creating your own estate planning documents, and it's much better to get professional help. Every state is different, and if you do the process incorrectly, it could cause numerous headaches and hurdles for your family down the road.
2. **Online Will Creation Services:** While this has been an emerging industry for a while, the COVID-19 Pandemic really created a need for people to turn to virtual and remote solutions for many services, including estate planning. There are more quality services than ever, and much like getting your taxes done online, it can be a great fit for many people with relatively simple situations. The services are getting ever more sophisticated, and so can handle many more unique situations and circumstances. This is generally a fairly inexpensive route to take, and provides a lot of value for the majority of families, making it a solid choice for most. For more information and reviews of the top services, read our guide to The Best Online Wills Services.
3. **An Attorney:** Trusts and Estates Attorneys are always a safe choice as they can provide the most individualized solutions and should be the most familiar with the specific laws and regulations in your state. While this is likely the most expensive option, it's well worth it for those with unique situations and a lot of assets. You can learn more below about securing the services of an attorney below.

What You Should Know About Trusts and Estates Attorneys

Drawing up a trust is an area where experience counts, but that doesn't mean you need to go to a large national law firm. On the contrary, many large firms have dropped this practice, and some of the saviest trusts and estates attorneys have their own firms or practice in small and moderate-size law firms.

If you're unsure how to find the right lawyer, start by asking friends for recommendations. Who have they used—and liked? You can also ask other lawyers who they would use.

Should I Hire a Trusts and Estates Attorney By the Hour or at a Flat Rate?

When it comes to legal costs, some attorneys bill by the hour, while others charge a flat rate for a package of services. Typical legal fees run from $200 to $500 an hour. Urban areas will likely have higher rates, and attorneys at larger law firms usually charge more than those at smaller law firms, although that's not always the case.

An average flat fee for a basic revocable trust plan may run from $2,500 to $10,000, depending on the complexity of the trust and the size of the estate. Flat fees, however, aren't necessarily a better deal than hourly rates. And the priciest lawyer isn't always the best.

Ask at the outset for the lawyer's rate. It's better to know upfront, so that neither of you wastes the other's time if there's a huge discrepancy between what an attorney charges and what you're willing to pay. Generally, the more assets a person has, the more complicated their estate is likely to be, and the more it will cost to put together a thoughtful estate plan.

Choosing an Attorney and Signing an Agreement

Most lawyers offer an hour-long complimentary session to introduce themselves and their services and explain some of the process. Even if you end up paying for that hour, it's a good investment.

"I wouldn't want to start down the road with someone I haven't met personally," says Philip Feldman, head of the trusts and estates practice at Coblentz Patch Duffy & Bass in San Francisco. "Clients need to get a sense of who their lawyer is going to be. It's important to look someone in the eye. This should be one of the most personal professional relationships you'll have."

For Feldman, the most important issue is compatibility. If a couple is consulting the lawyer jointly, "both spouses should feel they're getting equal respect in the relationship," Feldman says. Consider personality types as well. If one spouse is, say, is an impatient person, they may not want an attorney who considers every question a chance to rehash an arcane interpretation of the law. On the other hand, if the other spouse feels the need to understand the fine points, they shouldn't hire an attorney with a "just let me handle these details" manner.

If you feel that the attorney is a good match in terms of style, pricing and comfort with risk, you're ready to hire him or her. Expect to pay for at least some of the work at the start, and to sign an engagement or retainer agreement that outlines what services will be provided.

In many states, the language in this agreement is mandated by law or the state bar association. The agreement should specify two important points: the duty of confidentiality and the duty of loyalty. For example, an attorney cannot keep a confidence from one spouse while still fulfilling his duty of loyalty to the other spouse. To ensure that loyalty, spouses will generally be asked to waive confidentiality between themselves and the attorney.

Gathering Information for the Attorney and Minimizing Estate Taxes

Either before or after the first meeting, at which a retainer or engagement agreement will be signed, your attorney will likely give you some homework. Most attorneys use a worksheet, anywhere from five to seven pages up to 30 pages long, that's designed to help identify your goals, raise issues, and gather data on your estate. This should take about half an hour to 90 minutes to fill out.

It's crucial to fill out this form completely and accurately. "Most people undervalue what they're really worth," says Darlynn Morgan, a trusts and estates attorney with the Morgan Law Group in Newport Beach.

Some questions may feel intrusive, such as whether there's any alcohol or substance abuse in the family. This may, however, affect how you hold assets in trust for certain beneficiaries. "Understanding family dynamics influences the advice I give my clients," says Morgan. As a starting point, Feldman suggests bringing in income tax and gift tax returns from the past several years, as well as any previous versions of a will.

Whenever possible, assemble the names and numbers of the other professionals on your advisory team, including your accountant, life insurance broker, retirement plan advisor and investment broker. Dig up or ask for copies of policies. "Many people don't even know what they have with regard to life insurance," says Feldman. "They simply know they have it."

Some estate attorneys will charge an extra fee for consulting on how to help minimize estate taxes. Currently, if you have a net worth of $2 million or more, the assets in excess of $2 million will be subject to the federal estate tax rate, which is 46 percent.

With the most basic planning, a full $4 million can be sheltered from estate taxes. Additional planning, which will include advice on how to minimize or eliminate such taxes by transferring assets to an irrevocable trust, for example, can add as little as $1,000 to the legal bill, while potentially saving your heirs tens of thousands of dollars, making it a worthwhile investment.

Reviewing Estate Documents and Staying Current

Some wills and revocable trusts require more than one draft. Often, this depends on how well you've communicated your wishes to the attorney. A revocable trust document may be as long as 40 pages. Your attorney should provide a one-page flow chart, and then a five- to 10-page summary of what's contained in the document.

Feldman gives his clients charts that show how their assets would flow to beneficiaries under various hypothetical circumstances. Read these carefully and ask questions. If you're not comfortable with certain aspects of the plan, ask for them to be changed.

Once the revocable trust and will are finalized, decide who will keep the documents and where. The attorney will give you instructions on how to fund the trust by transferring assets into it and changing title on accounts and property.

Perhaps the most important thing to remember is that a will and revocable trust can be changed and modified. "It doesn't hurt to review them every time you do your tax returns," says Feldman, particularly if you're trying to reduce your estate through gifting.

By law, each parent in a family can give away as much as $12,000 a year—$24,000 if both parents are living—per beneficiary before such gifts are taxed. For instance, if you have three children and seven grandchildren, a simple gifting program can reduce your estate tax exposure by $240,000 per year without any assets leaving the family. "If you have an accountant who is thoughtful, knowledgeable, and creative, that person can help you decide when it's time to call your lawyer," Feldman says.

Good lawyers will communicate with a trustee periodically by letter to remind him of the terms of his will and inquire whether he has any interest in making changes. They aren't trying to drum up fees; they simply know that circumstances change and that wills and trusts need modifying. If your lawyer doesn't do this, you should add "review will" to your own tickler file when tax time rolls around.

Top Cities for Assisted Living

Assisted Living in Champaign, IL
Assisted Living in Indianapolis, IN
Assisted Living in Saint Louis, MO
Assisted Living in The Villages, FL
Assisted Living in Saint George, UT
Assisted Living in Puyallup, WA
Assisted Living in Baton Rouge, LA
Assisted Living in Montgomery County, PA
Assisted Living in Fairfield County, CT
Assisted Living in Fort Wayne, IN
Assisted Living in Macon, GA
Assisted Living in Effingham, IL
Assisted Living in Sarasota, FL
Assisted Living in Macomb County, MI
Assisted Living in Evergreen, CO

Top Cities for Memory Care

Memory Care in Cincinnati, OH
Memory Care in Phoenix, AZ
Memory Care in San Diego, CA
Memory Care in Oklahoma City, OK
Memory Care in Richmond, VA

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