

## **Introduction to Estate Planning**

Planning your estate is about caring for your loved ones, seeing they are provided for, and making sure your hard-earned property is distributed according to your wishes.

Your estate consists of all your property, including:

- Your home and other real estate
- Tangible personal property such as cars and furniture, and
- Intangible property like insurance, bank accounts, stocks, and pension and social security benefits.

### **Isn't estate planning just for older people or the wealthy?**

No. Too many young or middle-aged people die suddenly, often leaving behind minor children who need care and direction. Estate planning should be part of your overall financial plan, along with your children's college tuition and your retirement needs. If your circumstances change, it's easy and inexpensive to adjust your plan.

### **What happens if you don't plan?**

If you die without a will or trust, you've in effect left it to state law to write your will for you. That means the state will make certain assumptions about where you'd like your money to go—assumptions with which you might not agree. Some of your hard-earned money might end up with people who don't need it. Meanwhile, others who might need the money more, or who are more deserving, could be shortchanged. And surviving relatives may squabble over who gets particular items of your property, since you didn't make these decisions before you died.

### **What can I do to minimize the costs of estate planning?**

A lawyer or other professional generally charges by the hour for working on your estate plan. Ask about fees at your first consultation and inquire how much your total estate plan might cost. The more time you invest in locating relevant documents and putting your wishes in writing, the less preparatory work your advisor will have to do.

### **What type of information do I need to prepare a plan?**

Your advisor may have a checklist for you to use. Otherwise, it's helpful to have as much of the following information as possible:

- Names, addresses, and birth dates of all people you plan to identify as beneficiaries in your will;
- Name, address, and telephone number of the person(s) you expect to name as the executor of your will;
- If you have minor children, the names, addresses, and telephone numbers of all possible guardians;

- Amount and source of your principal income or other income such as interest and dividends;
- Amount, source, and beneficiaries of your retirement benefits, including IRAs, pensions, Keogh accounts, government benefits, and profit-sharing plans;
- Amount, source, and beneficiaries of other financial assets such as bank accounts, annuities, and loans due you;
- Amount of your debts, including mortgages, installment loans, and business debts, if any;
- List with approximate values of property you own, including real estate, jewelry, furniture, collections, heirlooms, and other assets;
- List and description of jointly-owned property and the names of co-owners;
- Documents that might affect your estate plan, including prenuptial agreements, marriage certificates, divorce decrees, recent tax returns, existing wills and trust documents, and property deeds;
- Location of any safe deposit boxes and keys for them, and an inventory of the contents of each one.

**My spouse doesn't like to think about death. What should I do?**

It's only natural that we tend to be a bit squeamish when it comes to death, especially when thinking about our own or that of someone we love. You can't plan your estate, however, if you don't know all the facts about your family's assets. Set aside a specific time for gathering information on your spouse's income and insurance benefits, what debts are owed, and where assets are invested. Ask about which beneficiaries have been named in your spouse's insurance policies, pension plans, retirement accounts, and similar assets. You also need to know who holds title to real estate, cars, boats, and recreational vehicles.

*This is a reproduction of information published online by the American Bar Association.*