



Estate Planning: 5 Essential Documents

The Presenter

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With degrees in accounting and law, Shags worked for two decades with Wall Street brokerage firms, then as a “fee-only” independent financial planner, before finding his calling as a coach and educator. His professional credentials include Certified Money Coach (CMC)[®] and Master Coach/Trainer, CERTIFIED FINANCIAL PLANNER[®] professional, Chartered Retirement Planning Counselor[®], and Certified Retirement Counselor[®].

He is President of Steven S. Shagrin Company in Walnut Creek, CA, providing money coaching and financial wellness services. Shags is also Vice President of The Money Coaching Institute in Novato, CA, providing money coaching training workshops and classes, as well as personal finance education classes.

Main Topics

- Identify the five important documents that you should have ready
- Understand the basics of estate planning, will planning, guardianships, and trusts
- Discuss tips for identifying the best financial advisor
- Discuss the importance of communicating your wishes and desires to family members and other individuals

Poll

Where are you in the process of getting your affairs in order?

- A. Feel very comfortable about having things in place
- B. Have started thinking about it
- C. Haven't really thought about it at all

Organize Your Family's Future

- Prepare your family for the future and the unexpected
- Do not leave your family in the dark about your plans
- Allow your family members (if they are old enough) to have an opinion about your wishes



Three Questions to Ask Yourself

1. Who do you want to **inherit your assets**?
2. Who do you want handling your **financial affairs** if you're unable to?
3. Who do you want making **medical decisions** for you if you're unable to make these decisions?

Source: <http://money.cnn.com/magazines/moneymag/money101/lesson21>

The Five Essential Documents

1. Will
2. Power of Attorney
3. Durable Power of Attorney for Health Care
4. Living Will
5. Letter of Instruction



Will - Last Will and Testament

- Describes how your estate is to be distributed
- Must have an executor of will to:
 - Manage the estate
 - Make sure all of your provisions are followed
 - Pay estate taxes and expenses
 - Pay any debts
- Be sure to keep it up-to-date and valid for your state



Power of Attorney

- Authorizes someone to act on your behalf
- Allows your family to avoid having to go to court for guardianship
- Only goes into effect if you are found to be unable to make your own decisions



Advance Directives

- Includes a living will and durable Power of Attorney for health care
- Outlines your wishes concerning end-of-life medical care
- Gives a trusted friend or family member the authority to make health care decisions

Letter of Instruction

- Personal letter from you to the estate trustee of your will
- Should include:
 - Names of those to notify
 - Particular funeral arrangements
 - Last messages you would like to pass along
- Should NOT include:
 - Transfer of assets
 - Any differences from your will



Poll

How many of the five essential documents do you already have completed?

- A. One - two
- B. Three - four
- C. All five
- D. None of the documents are completed

Guardianship

“A **legal guardian** is a person who has the legal authority (and the corresponding duty) to care for the **personal and property interests of another person**, also called a ward.

Usually, a person has the status of guardian because the ward is incapable of caring for his or her own interests due to **infancy**, **incapacity**, or **disability**.

Most countries and states have laws that provide that the **parents of a minor child are the legal guardians of that child**, and that the parents can designate who shall become the child's legal guardian in the event of death, subject to the approval of the court.”

Source: <http://en.wikipedia.org/wiki/Guardianship>

Trust

- Specifies how and when assets are distributed
- Reduces estate taxes
- Provides for a disabled relative
- Ensures majority of estate goes to heirs after spouse dies
- Allows assets to be given without cost and delay of probate court

Difference Between “Trustee” and “Beneficiary”

Trustee

- Holder of property on the behalf of the beneficiary
- Carries out the terms of the trust
- Keeps beneficiaries informed of the trust
- Legally necessary to be at least 18 years of age

Beneficiary

- This named person receives the trust income/assets
- Best if over 18 years of age
- This person should be trusted to divide your money in a way that you want

Inventory of Finances

Make a list of your financial and legal documents:

- Accounts, account numbers, and contact information
- Online login information
- Give locations of where the information is stored
- Keep one copy of the list in your home or other safe location

*Tip: **Do NOT** keep all of your financial and legal documents in bank safe deposit boxes. The safe deposit boxes may be kept closed while your estate is in probate.*

Additional Documentation

- Investment and retirement account information
- Life insurance policy information
- Deeds
- Car title
- Marriage license/divorce papers
- Tax returns for the last three years



What is a Financial Advisor?

- NOT a stockbroker
- NOT an accountant
- Guides you on the best ways to:
 - Save
 - Invest
 - Grow your money



Choosing a Financial Advisor

- Certified Financial Planner (CFP)
- Pay structure
- Code of ethics
- Resources:
 - The National Association of Personal Financial Advisors
<http://www.napfa.org>
 - Garrett Planning Network
<http://garrettplanningnetwork.com>



Minimizing Estate-Related Taxes

- Taxable assets to charities
- Tax-free assets to other beneficiaries
- Give money to your beneficiaries while you're still living
- Life insurance policy to beneficiary for estimated amount to cover taxes



Additional Estate Planning Resources

- EstatePlanning.com
<https://www.estateplanning.com>
- American Bar Association
http://www.americanbar.org/groups/real_property_trust_estate/resources/estate_planning.html
- AARP
<http://www.aarp.org>



Importance of Being Prepared

- Your family will not have to figure out what you would have wanted
- Your affairs will be in order
- Your family will get exactly what you wish
- Your estate will be taken care of by the person of your choice
- Family discord can be avoided



Resources

Contact your EAP
or
Work-Life Program
for
Assistance

Thank You!

Questions?

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