

# Estate Planning: Eight Steps to Take Now

Many think estate planning is only a concern for those who are later in their stage of life or wealthy. They put it off for years, or entirely.

Estate planning is for everyone and essential to maintain financial security for yourself and the family or friends you intend to transfer property and assets to upon your death.

There's no better time than now. If you're considering estate planning, here are eight important steps you can take right now:

## 1. Hire an Estate Attorney and Financial Planner

There is a [difference between an estate attorney and financial planner](#). Financial advisers analyze your current financial situation, identify financial goals and develop strategies to reach those goals. They specialize in wealth management and advise on strategies involving financial products and tax benefits.

However, financial advisors cannot provide legal advice or offer legal solutions, such as creating a trust. Estate planning attorneys help simplify and reduce the cost of transitioning assets to your heirs, protect your assets, offer tax saving strategies, prepare planning documents to safeguard your wishes and assist with the necessary funding and implementation steps for the plan to work properly. When added to your planning team, they will handle the heavy lifting to ensure your financial goals are met.

All are important steps to your financial well-being.

## 2. Choose an Estate Administrator

For many, the estate administrator will be the spouse. But remember, the spouse may precede you in death, which makes selection of an alternate and equally important choice.

This person will handle administering your estate. They must be responsible and competent to make the right decisions and represent your desires, acting impartially on your behalf.

## 3. Put Together Your Documents/Plans

Most people believe their estate planning is complete if they have a Last Will and Testament. But there are several other documents to consider when planning your estate:

- **Last Will and Testament:** This is a legal document stipulating who you want to receive your property when you die. This streamlines the probate court process and helps carry out your final wishes. Your executor will carry out the wishes outlined in your will. You can also name a guardian for your minor children in your will and/or a trustee for beneficiaries with special needs.

- **Living Will:** A living will is a legal document detailing the medical treatments you would or would not want to help keep you alive. Should you become incapacitated and unable to make your own medical decisions, would you want CPR, ventilation, tube feeding, palliative care, etc. to keep you alive? A living will puts your wishes in writing.
- **Health Care Proxy:** A health care proxy is a legal document naming someone you trust to make medical decisions for you if you become unable to make them yourself.
- **Power of Attorney:** This legal document allows someone you trust to act on your behalf with legal and financial matters. A Power of Attorney is a crucial document to have in place in the event someone becomes unable to handle their own financial affairs. If you do not have a Power of Attorney, a very costly and impersonal guardianship proceeding is the only other alternative.
- **Trust:** A trust is a legal arrangement allowing a trustee to hold assets on behalf of a beneficiary or beneficiaries. Trusts specify exactly how and when assets pass to beneficiaries. Trusts usually avoid the probate process significantly minimizing cost, keep your financial matters private and provide your beneficiaries quicker access to your assets than they would get with a will. Trusts also provide much more control than wills on how and when assets are passed on.

It is important to know a distinction between revocable and irrevocable trusts. A revocable trust is flexible and can be changed at any time. An irrevocable trust is less flexible but has important purposes. An irrevocable trust can protect assets from the potentially catastrophic cost of long-term care, creditors and estate taxes, while a revocable trust cannot.

There are other end-of-life documents – even a pet trust! – that can help ensure your wishes are followed after you are gone. Please consult your estate planning attorney to discuss your situation and what documents would most benefit you and your family.

#### **4. Update Your Beneficiaries**

Please note that beneficiary designations on certain assets, such as pensions, life insurance and 401K accounts, will fall outside the probate process and supersede designations in your will or trust. It is important to keep those beneficiary designations up to date.

Designating beneficiaries, or changing beneficiaries, is typically an easy process. Reach out to the relevant institutions and you'll likely find an online form to fill out.

#### **5. Take Inventory of Your Physical Assets**

Make a list of all valuable items you own. Jewelry, electronics, antiques, family heirlooms, etc. If possible, take the extra step of taking pictures.

Note anything that you would like to go to a particular person so that can be included in your will or trust.

## **6. Document Your Non-physical Assets and Debts**

Many have bank accounts, retirement accounts, 401K plans, brokerage accounts, insurance policies and other assets that should be passed on to designated family or friends. Some of them remain outside the probate process.

In many instances, the knowledge of those accounts dies with the owner. To make it easy, collect the information on those assets and include it in one place. Include statements with account numbers so someone can easily research your information. When possible, list contact information and passwords for each so a loved one can reach out upon your death.

You will not only want to keep track of assets, but debts, too. Mortgages, credit cards, auto loans – all of these are important, and most will need to be settled by your estate. Again, collect them in one place, either physically, digitally or both, and make it easy for your executor to locate them. Include statements with account numbers, passwords and contact information, if available.

Also, don't forget about other digital accounts. You'll need to keep a list of login names and passwords so someone can access those accounts and provide the appropriate attention, including shutting them down.

## **7. Plan Your Funeral**

Planning ahead can be a wonderful benefit for your grieving family and friends. Will you be buried or cremated? If buried, where? Do you want a public or private service, or no service at all? You could get as granular as what songs you'd like played.

Create a set of instructions for your funeral. It is a great parting gift to those you love. If possible, you might even pay for funeral expenses and a headstone before your passing.

## **8. Keep Copies of Everything and Re-Visit Your Estate Plan Frequently**

Make sure you have more than one copy of everything. Date the copies each time you update the plan. Keep everything in a safe place, such as a lock box at home or a safety deposit box elsewhere. Advise your executor and other family members how to access them.

Revisit these on a regular basis to make sure they are current with your intentions. Especially after important life events, such as births, marriages, divorces and deaths.

## **Common Estate Planning Mistakes**

The most common mistake of estate planning is not actually planning. Everyone needs a plan – not only the [elderly](#) or wealthy. It is human nature to put unpleasant and difficult things off until a later date. If the decisions are hard, it is better that you make them, and not have them made for you. If you do not plan and your estate goes through the probate process, New York State will determine how to distribute your assets, and that may not reflect your wishes.

Other mistakes are not keeping track of all things important to your estate and not communicating about how to access those things. Make sure to keep family informed about where they can locate important items, documents, accounts, etc.

Finally, a third mistake is setting your plan and forgetting about it. Your plan should change as your life changes. Be sure to regularly revisit your plan and update as necessary.

Harris Beach's [Wills, Trusts and Estates](#) team can help with your estate planning needs. If you have questions about this subject or related matters, please reach out to attorney [Judy N. Cuzzacrea Wagner](#) at (716) 200-5157 and [jwagner@harrisbeach.com](mailto:jwagner@harrisbeach.com), or the Harris Beach attorney with whom you most frequently work.