

MANAGING IN TOUGH TIMES

FAMILY FINANCIAL MANAGEMENT

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THIS MONTH'S TOPIC:

Answering the What-If Questions: Estate Planning Considerations

Have you ever asked yourself the what-if questions? What if something should happen to me today? What if something should happen to my spouse or business partner? What if I have an accident that leaves me incapacitated? No one likes to think about these questions; however, the answers are very important to your surviving family members. Taking the time to answer these questions can provide peace of mind and ensure that your wishes will be followed.

The estate planning process can be quite simple, depending on the size of your estate. However, one of the biggest hurdles in establishing an estate plan is getting started. To get yourself motivated and headed down the right track, work with your family to identify the goals or objectives that you would like to accomplish with an estate plan. There are many

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There are many reasons to prepare an estate plan.

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reasons to prepare an estate plan, which include appointing a guardian for your minor children, providing for the orderly disposal of your assets following death, providing for the orderly transfer of a small business or farm operation, or preparation in the case of mental or physical incapacitation.

Begin by organizing and gathering important information and documents. Make a list of your assets, or everything that you own, being certain to include all property—your home, farm property, rental property, and other business assets. Additionally, you will want to list other investments and assets, such as stocks, bonds, retirement plans, insurance policies, banking accounts, and cash. Also, be sure to list whether you are the sole or joint owner.

Next, make a similar list of all debts owed, such as mortgages, car loans, credit cards, installments debts, etc. If you subtract your total debts from your total assets, the result will be your net worth. As you prepare the list of your assets and debts, also note the locations of important paperwork. You may consider purchasing a small fireproof safe to consolidate all important papers into one place.

As you begin the estate planning process, be certain to discuss with your spouse and other family members about how you would like to distribute your assets to meet your estate planning objectives. Remember, communication is important throughout the estate planning process. Sharing your estate planning objectives with your family members will help them better understand the choices you make in asset distribution.

Finally, work with an attorney to put your plans on paper. Depending on the size of your estate, you may also need to work with your accountant, financial planner, or other experts to develop your complete estate plan. Don't be afraid to interview two or three attorneys to find one who meets your specific needs. In addition to helping you put your plans on paper, an attorney will also be able to assist you in understanding and developing other estate planning tools such as power of attorney, trusts, or gifting.



The preparation of estate planning documents can save time, as well as unnecessary delays in settling your estate. Additionally, it can result in savings on estate taxes. However, one of the most important results gained in estate planning is the avoidance of uncertainty and confusion during a very difficult period for your surviving family members.

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