

# Four Basic Estate Planning Documents

*Estate planning can be difficult and confusing. Here are four basic ways to plan.*

The best way to be ready for major life and death decisions is to properly plan ahead. When it comes to your estate, this means an all-encompassing look at the decisions to be made, who makes them, and who gets what. There are generally four major documents you need to prepare so that your estate is in order.

A **financial power of attorney** is one of the most important steps in estate planning. Whoever you name as your financial power of attorney makes all of your financial decisions. By specifically picking someone to make those decisions, you help eliminate controversy and stress. You also avoid the costly and lengthy legal process of the court making your decisions.

A **will** is the central part of your estate plan. Your will simply states who will receive various parts of your estate, including savings, homes, and other assets. By specifically laying out each asset and what person or charity it will be distributed to, you make your wishes clear. Although you won't avoid probate, a will may help reduce much of the court and the government involvement in your estate.

A **living will** is one of the most crucial documents in terms of medical decisions. Simply stated, a living will spells out what specific medical treatments you do or do not want in the case of a medical emergency that leaves you unable to make medical decisions. Major medical choices, such as whether or not to resuscitate, or whether or not to be put on artificial respiration can be decided within the living will. But a living will is only half of the medical documents you should prepare within your estate planning. The other is a medical power of attorney.

A **medical power of attorney** is a decision to appoint someone to make medical decisions if you cannot. If you don't have a medical power of attorney (also known as a health care proxy), the decision automatically goes to your spouse. If you are unmarried, then it goes to adult children or parents. By specifically designating someone to make the decisions, you make it clear who you want in charge, and what you want done if the worst happens. While these situations are never easy, by making it obvious who you want to make decisions and what decisions you want them to make, your wishes are clear and it eliminates the opportunity for someone else to claim otherwise.

These are simply the four basic documents you'll need when planning for your estate. There are many details to each document, and many details regarding your overall estate, including taxes. It's usually best to find a financial professional and qualified estate planner to give you advice. By being prepared and educated, and working with a financial professional, you can make sure that your wishes are known. Most importantly, you can ensure that the legacy that lives on in your name is the one that you choose.

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