

Estate Planning Considerations

I know you're excited about the prospect of retiring, perhaps even thinking you'll soon be able to afford to retire. Seems like an awkward time to bring up your *death*, but, hey! It's going to happen.

Experiencing death in the family is a difficult reality. You've almost surely been through that, if not with parents, certainly with grandparents. What will happen when *your* death is the difficult reality facing *your* family? Part of holistic retirement planning is preparing for the end of your retirement—your death—and what impact that will have on your family.

It's difficult to prepare your loved ones for all the contingencies following death, but advanced planning and preparations can make an enormous difference in their decision making at that time. Tough, highly emotional decisions can become the source of family conflict without your specific direction. However, if they know your intentions before you die, your survivors will do their best to carry them out.

Sadly and unnecessarily, most people leave their families without clear written documents to guide their decisions, and the last resort for ensuring conflict resolution may be the state's probate plan. **Don't let strangers (state probate and death directives) make these personal decisions for you by not taking the time to indicate your desires by will and/or letter.** An integral part of your retirement planning should include a properly drafted Last Will and Testament and other crucial planning documents, like a Durable Power of Attorney, Health Care Proxies, and Living Wills. **These documents should be coordinated and drafted by a competent attorney who is familiar with estate planning issues.**

Last Will & Testament: This document is intended to transfer property you hold in your name to the person(s) or organization(s) you want to have it.

Durable Power of Attorney: This document appoints a person that you designate to act for you and handle financial matters should you become unable or unavailable to do so.

Health Care Proxies: This document appoints a person(s) to make decisions regarding your health care treatment in the event you are unable to provide "informed consent".

Living Will: This document is an advance directive which gives doctors and hospitals your instructions regarding the nature and extent of the care you want should you suffer permanent incapacity, such as an irreversible coma.

These crucial documents can be enhanced with the accompaniment of a personal letter to your appointed trustee and family members outlining your desires and stating your beliefs and wishes. This can be incredibly beneficial to those you love, perhaps your final gift to them.

Things to consider in your letter:

1. Share your love and words of encouragement. Express your appreciation for the uniqueness and benefits of individuals in your life.
2. Disclose where important documents are located, and the names and contact information of your financial advisors.
3. Make known your desires for funeral, religious services and other arrangements as well as if you feel strongly about burial, cremation, etc.

4. Share sentiments about family and friends and direction of personal articles or possessions. In order to be legal, this needs to be expressed with proper legal documents and accordingly witnessed and dated.
5. Express words for your children and future generations to live by, your personal creed. Share your life's wisdom.
6. Give direction and ongoing support, gifts or monies to favorite charities, causes or people.

Regarding Estate Taxes

The IRS Estate Tax rules are changing annually. Most professionals believe that with future elections, this political juggernaut will continue to evolve. The constant changing of the unified credit, the possible repeal of the estate tax, the re-introduction of taxation at original cost basis (repeal of the step-up cost basis), all within a changing economic environment makes planning difficult. Major elements of the code are targeted to be revised prior to 2010. More than ever, the use of a team of qualified advisors including a financial planner, estate planning attorney, accountant and trust officer is crucial to keeping your plan flexible, well-communicated and efficient.

Some retirees adopt a Wait and See Estate Plan, involving trusts and ownership arrangements that provide for efficient estate planning and the paying of death taxes. Just as important, is the flexibility to adjust and update the plan by its owner(s). Thus, a new objective of good planning is to allow for changes without having to have major trust revisions and to reverse prior planning. This can be achieved with the Wait and See Estate Plan.

Careful consideration of your life plan may include the use of Generational Skipping Trusts, Family Limited Partnerships and Educational Family Foundations. Tools are provided in today's planning world to efficiently establish the means to achieve these goals.

Your proactive financial planning should be a continuation of your life, becoming your ongoing gift of "you and your desires." This is an incredibly beneficial gift to those you love, and it will simplify their planning during their grief.

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