

Simple Estate Planning

Importance of Having Certain Documents

By: Brittney M. Goad, CFP®

Depending on your individual circumstances, your estate may benefit from having some of these strategies in place:

Last Will and Testament

A Will is the legal expression or declaration that directs the disposition of a decedent's property at death. If it is necessary to use your Will at your death, the personal representative or executor you appoint will open a probate proceeding in your local county court. Under court supervision, your personal representative or executor will pay your final debts, expenses, and taxes, before distributing the remaining assets in your estate to beneficiaries according to your intent and instructions.

Revocable Trust

A revocable trust is an entity you create to consolidate the ownership of your assets during your lifetime, while also controlling the distribution of those assets upon your death. The advantage of creating and funding a revocable trust with your securities and other property is that your family will avoid the expense, delay, and publicity of a probate proceeding. A revocable trust also provides incapacity planning by appointing a successor trustee to manage the trust assets for your benefit if you were to become temporarily or permanently incapacitated.

The benefits of using a revocable trust as the centerpiece of a comprehensive estate plan include the following:

- 1) *Avoid expense of probate.* Probate expenses may exceed 2% of the value of all assets included in the probate estate. This expense can be avoided if your assets are transferred to a revocable trust during your lifetime.
- 2) *Preserve financial privacy.* Probate files are public records, meaning anyone can access your financial and other estate information, including the names of your heirs and the value of their inheritance.
- 3) *Incapacity planning.* A revocable trust provides continuity of asset management by appointing a spouse, an adult child, or in some cases, a corporate entity, as successor trustee to



Nancy Osmond Popovich
Managing Director
Portfolio Manager



Ryan C. Unthank, CFA
Senior Vice President
Portfolio Manager



Shannon L. Johnson
Client Assistant



Brittney Goad, CFP®
Financial Planner

The Popovich Financial
Group
Baird
703-668-1300 . 888-853-
2753
popovichfinancialgroup.com

take over management of the trust assets when the owner faces declining health or diminished capacity.

- 4) *Immediate access to trust assets.* Probate proceedings often tie up estate assets for months or even years after a death. Trust assets are immediately available to the successor trustee to pay funeral expenses and to meet the financial needs of a spouse or children.

Durable Power of Attorney

A power of attorney (POA) for legal and financial matters authorizes your attorney-in-fact (your “agent”) to make legal and financial decisions on your behalf in the event you become incapacitated. A power of attorney that is “durable” (DPOA) indicates that the authorized power does not automatically terminate if you become disabled or incapacitated.

Even if you have created and funded a revocable trust, it is important to have a DPOA to allow your attorney-in-fact to sign your tax returns, apply for tax refunds, settle tax controversies, apply for social security, apply for insurance benefits, etc.

Advanced Health Care Directives

Health care documents are also extremely important to help avoid confusion and emotional distress for your family members if you become seriously ill or incapacitated. Your health care documents should include:

- 1) *Durable Power of Attorney for Health Care.* This document appoints a trusted person to act as your agent or proxy to make health care decisions for you if you are seriously ill or incapacitated. Your health care agent may approve medical care and treatment you might need if you are incapacitated and not able to make such decisions on your own behalf.
- 2) *Living Will.* A living will is your personal declaration to physicians and other health care providers about your preferences regarding the use of extraordinary medical procedures if you become terminally ill or permanently incapacitated.
- 3) *Federal Medical Privacy Act Considerations.* A form complying with the Health Insurance Portability and Accountability Act (HIPAA) authorizes the release of your medical information to third parties. A HIPAA agreement gives family members access to your medical records and allows them to discuss your condition with health care providers.

If you have any further questions or concerns regarding Estate Planning Strategies please call The Popovich Financial Group at 703-668-1300.

