

Top 10 Reasons to Create an Estate Plan Now

Many people think that estate plans are for someone else because nothing is going to happen to them. They may rationalize that they are too young or don't have enough money to reap the tax benefits of a plan; however, estate planning is for everyone, regardless of age or net worth. Here are a few reasons why you should create an estate plan sooner rather than later:

Loss of capacity:

What if you suddenly become unable to manage your own affairs and business? With a plan, you pick a person to act for you either through a power of attorney or successor trustee. Without a plan, the courts will select the person to manage your affairs, but only after an expensive hearing.

Young children:

Who will raise your children if you die? With a plan, you are able to nominate the guardian(s) of your choice.

Dying without a will:

Who will inherit your assets? With a plan, you decide who gets your assets, and when and how they receive them. Without a plan, your assets pass to your heirs according to your state's laws of intestacy (dying without a will). Your family members (and possibly the ones you would not have chosen) will receive your assets without benefit of your direction or of the protection of a trust.

Blended families:

What if your family is the result of multiple marriages? Without a plan, children from different marriages may not be treated as you would wish. With a plan, you determine what goes to your current spouse and to the children from a prior marriage or marriages.

Children with special needs:

Without a plan, a child with special needs risks being disqualified from receiving Medicaid, SSI or other government benefits, and may have to use his or her inheritance to pay for care. With a plan, you can set up a Supplemental Needs Trust (SNT) that will allow the child to remain eligible for government benefits while using the trust assets to pay for quality of life expenditures.

Keeping assets in the family:

Would you prefer that your assets stay in your family? With a plan, you can set up a trust that ensures that your assets will stay in your family and, for example, ultimately pass to your grandchildren.

Financial security:

Will your spouse and children be able to survive financially? Without a plan and the income

replacement provided by life insurance, your family may be unable to maintain its current living standard. With a plan, life insurance can mean that your family will enjoy financial security.

Retirement accounts:

Do you have an IRA or similar retirement account? Without a plan, your designated beneficiary for the retirement account funds may not reflect your current wishes and may result in burdensome tax consequences for your heirs (although the rules regarding the designation of a beneficiary have been eased considerably). With a plan, you can choose the optimal beneficiary.

Business ownership:

Do you own a business? Without a plan, you may not have a clear successor or sufficient liquidity on death, thus risking that your family could lose control of the business. With a plan, you choose who will own and control the business after you are gone, and also make provisions to ensure monies are available to continue the business.

Avoiding probate:

Without a plan, your estate may be subject to delays and unnecessary fees (depending on the state), and your assets will be a matter of public record. With a plan, you can structure your estate so that probate can be avoided entirely.