Estate planning critical to protect the living

By Carl Edwards

Half of all Americans with children do not have a legal will, according to a survey done by the legal service RocketLawyer.

While the survey was conducted in 2012, the attitudes Americans have on inheritance and legacy matters seems to remain the same through the years, individuals would rather focus on the here and now.

These parents love their children, and I think the concept of dying and not being there for their children is simply not an option they consider. Many of these folks are young and still in their prime earning years.

More surprisingly, however, is that fact that 41 percent of baby boomers age 55 to 64 do not have a will.

The time to plan for your financial legacy is now. Here are suggestions on how to move forward:

• Documentation is vital; sort out your will ASAP. A will is the most basic estate planning document; it tells the world exactly where you want your assets distributed when you die. While you’re not legally required to have a certified professional create a will, you should strongly consider one. These documents may be contested by people who are unhappy with the decisions you made. You deserve the peace of mind in knowing that your life’s economic work and other wishes will be executed as specified, and your family will be grateful to you for not leaving them with the headache of trying to sort out your estate. Other crucial documents include your living will, power of attorney, durable power of attorney (including for health care), joint ownership and living trust.

• Utilize executors and gifts effectively in your estate. Real property, financial investments, cash and personal possessions encompass the financial assets that you own. Once you have identified specific gifts you would like to distribute, you can apportion the rest of your estate in equal shares among your heirs, or you can split it into percentages. For example, you may decide to give 45 percent each to two children and the remaining 10 percent to a sibling. Choose your executor, the person responsible for carrying out the wishes outlined in the will, wisely.

• Consider an Irrevocable Life Insurance Trust. Many individuals think of the income tax free benefits that may be had from life insurance, but they never realize that the same life insurance may push them into estate tax nightmares. An irrevocable life insurance trust can be established to assist you in passing your estate to your heirs without the surprise attack of life insurance that gets eaten by unexpected estate or inheritance taxes.

You don’t have to be super-rich to benefit from a tactful and ongoing approach to estate management.

• Trusts can be another powerful estate management tool. A trust is a legal entity that can own property. Properly structured trusts completely avoid probate and avoid the delays and expense that often accompany probate. Trusts are not a matter of public record. They’re a tool for maintaining privacy. And, even after your death, trusts can provide some measure of control over how assets are distributed to children and other beneficiaries. In addition, trusts are much more difficult to contest than a will.

Carl Edwards is a chartered financial consultant.