

The Importance of Estate Planning in Ever-Changing Times

This is the first part of a series in which Rochester Rotary explains the importance of having your estate documents completed and regularly reviewed, especially in the changeable environment in which we live. If you would like to learn more about transferring assets in ways that can benefit the Sunshine Camp, please contact Heather Rossi, Development Director, at heather@rochesterrotary.org.

Part I: Importance

***If you own anything or are responsible for anyone,
you should have an estate plan.***

Myths and mistakes about estate planning abound. One of the most significant is whether you need to have an estate plan at all. Most estimates suggest that between 50% and 60% of U.S. adults do not have basic estate planning documents completed.

Often repeated errors about having estate documents produced include:

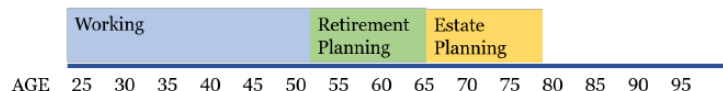
- I don't have enough assets accumulated to make a will worthwhile
- Probate is expensive so I don't want a will - my assets will automatically pass down to my spouse or next-of-kin anyway
- I'm too young to have estate plans done – that happens later in life
- Estate documents are expensive and complicated.

These rationales leave families at risk, cause undue stress for surviving family and friends, and can cost heirs significant time and money in settling an estate.

Instead, it is important to understand key truths regarding estate planning:

- Estate planning documents outline more than who gets what. They **legally document important life planning issues** such as who is responsible for decisions in the event you can't speak for yourself? Who has authority to access your financial assets? Who makes healthcare determinations for you if you are critically ill? And who cares for your children and beloved pets, and with what assets, should something befall you?
- Probate provides an orderly process to transfer assets to your intended heirs. If were to die without a will, the state in which you reside will effectively write one for you under the laws of intestacy. The **approach and rules for transfer of assets through intestacy varies state-by-state and is usually "expedient,"** meaning done in the way most convenient to the state, with little regard to your relationship with friends and family. Likewise, if you become critically ill and cannot speak for yourself, it is **not always the case that your spouse or next-of-kin has the legal authority** to make healthcare and financial decisions for you.
- Age is irrelevant. People mistake planning as the last step on a continuum based on age. Individuals in their mid-forties are the largest percentage of people creating their first wills, although that age is coming down slowly because online will creation options are appealing to younger people. Still, many people have their first estate planning documents done far later. Estate **plans should evolve with your life.** They will be different in your 30s (usually focused on family protection) than in mid- and later-life (usually focused increasingly on asset transfer).

Not this:



But this:



- Estate planning documents **do not have to be expensive, but it is important to have them done well**. Rules and language change by state, but many people find that basic documents can be done inexpensively through their workplace benefits programs, online, or through a lawyer that is recommended by a trusted advisor or friend. Be careful however of preparing these documents online, incorrect preparation could lead to significant problems in the future. Trying to save a few dollars now could result in costly expenses to correct in the future.

In Part II, we will outline what, exactly, is needed for a good estate plan.

This series is not intended to be tax, legal or investment advice and is provided for general educational purposes only. You should consult with your tax and legal advisor regarding your individual situation.

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