

Estate Planning: Covering Your Bases, Part 2

A well-written will disburse your property to your heirs and executes any instructions that you have after your death. It is an important document that needs to be kept up-to-date in your estate plan.



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As critical as estate planning is, assuring your estate will be distributed as you wish is far from difficult or complicated. For most of us, estate planning boils down to executing a few key documents: a will, a durable power of attorney and advance medical directives, and occasionally, one or several types of trusts. In this series of three articles, Stephen Schramm, HBKS Wealth Advisors, and Amy Dalen, HBK CPAs & Consultants, explain the role each of these documents plays in your estate planning process. The following article, part 2 of the series, addresses the Will.

Your Will: The Cornerstone

A will is often said to be the cornerstone of any estate plan. The main purpose of a will is to disburse property to heirs after your death. If you don't leave a will, disbursements will be made according to state law.

There are two other equally important aspects of a will:

- You can name the person (executor or personal representative) who will manage and settle your estate. If you do not name someone, the court will appoint an administrator, who might be someone you would not choose. This person is responsible for ensuring that your wishes as stipulated in the will are properly carried out.
- You can name a legal guardian for minor children or dependents with special needs. If you don't appoint a guardian, the state will appoint one for you.

A will is a legal document, and the courts are very reluctant to overturn any provisions within it. It is critical that your will be well written and articulated, and properly executed under your state's laws. It's also important to keep your will up-to-date. Your will should be reviewed at least every five years to ensure it accommodates your current financial and personal circumstances, and that there have been no law changes that could affect it.

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Letter of Instruction

A letter of instruction, also called a “testamentary letter” or “side letter,” is an informal, non-legal document that generally accompanies your will and is used to express your personal thoughts and directions regarding what is in the will. This letter should also address other things, such as your burial wishes; where to locate important documents; an inventory of your assets, including account information; and the location of safe-deposit box keys. This can be the most helpful document you leave for your family members and your executor.

Unlike your will, a letter of instruction remains private. It is an opportunity to say things you don't want made public.

A letter of instruction is not a substitute for a will. Any directions you include in the letter are not binding. The people to whom you address the letter may follow or disregard any instructions. □

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