

Make a Will



Ensure Your Assets are Distributed as You Wish

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ACCORDING TO CARING.COM, in 2024 only 32 percent of Americans have a will. That's surprising and alarming because a will is how you can be sure your assets will be distributed according to your wishes when you pass away. This article addresses at a high level some of the issues and benefits related to having a will in place. It is important to remember that this article does not address any of your individual facts and circumstances, or contain any specific investment, accounting, tax or legal advice. If you would like such advice, please contact a qualified financial advisor, accountant or attorney.

Your will is not the only tool — but is surely the most basic tool — that should be included in your comprehensive estate plan. Your will is your way of determining the people and other recipients, such as a charity that you care about, will receive your assets and which assets go to each. Your will can also serve other important purposes, such as who will raise your minor children and manage their financial affairs, decisions that otherwise would be made by a court.

If you don't have a properly drafted will, a process handled most often and appropriately by a lawyer who specializes in drawing up wills, your wealth may pass through a probate court in accordance with the state's intestacy laws. The distribution of your assets under these state laws may not be consistent with your intentions. Often a revocable living trust may be used as a supplement to a will, helping with both the distribution of the estate and the reduction of probate expenses.

While a will is an essential and the most fundamental estate planning document, it is only one document in a properly composed estate plan. Another document that should be included in your estate plan is a durable power of attorney, which gives the person



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you choose the ability to make financial decisions on your behalf should you be unable to do so. This may be needed if, for example, a stroke or other medical emergency leaves you incapacitated. The person you name can keep your finances straight, pay bills, keep your mortgage payments up to date, and so on. They would also take responsibility for preventing important insurance coverage from expiring due to nonpayment.

Another basic document to include in your estate plan is an advanced healthcare directive. This is similar to a power of attorney for financial matters, giving someone the ability to make healthcare decisions for you, to approve a medical treatment or even a life-saving surgery. Your estate plan should also include a living will, which tells a healthcare team whether they should provide, withhold, or withdraw life-prolonging care.

Many people want to have at least a part of their assets used for charitable purposes. In addition to providing for their heirs, they want to leave a legacy of support for a charitable organization that represents their values. A planned or deferred gift is a vehicle that allows the donor to leave assets to a charity in a tax-efficient manner. These planned gifts, in addition to perpetuating your family's philanthropic philosophy, may provide both estate, inheritance, and income tax benefits.

Your heirs may pay taxes on their inheritance, but qualified charities are tax-exempt, so the money or other assets you gift to the charity are not taxable. With a deferred gift — which could be as simple as a charitable bequest made through your will — you maintain control over the assets while you are alive, and the asset transfers to the charity at your passing. For most people, a gift to a charity, including nonprofits that provide vital services to their community, represents philanthropic value, a legacy that serves to support the work they deem important to their community.

It is important — in many cases vitally important — to understand that there are assets you cannot direct with a will. The money in your qualified savings plans, like a 401K or a traditional or Roth IRA and your life insurance benefits, go to those you have named as beneficiaries. Those contracts are outside the probate estate and will not be governed by your will or revocable trust unless you name your estate or trust as the beneficiary. Life's circumstances change regularly, and it is important to review the beneficiaries you have named. Further, tax-deferred accounts that pass via a contract arrangement, such as traditional IRA, may make excellent assets to leave to a tax-exempt charity.

In closing, a sound estate plan, which likely includes an up-to-date will, is the best way to both transfer assets to the next generation and support charities that represent your family's philanthropic intent. We strongly recommend you work closely with qualified professionals to develop your plan, including a lawyer experienced with estate planning tools and your financial advisor.

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