

End-of-Life Planning

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Talking with your parent(s) about major medical and financial decisions can be difficult. Discussing how to distribute their assets upon their passing can be nearly impossible and it is often avoided at all costs.

Consider the facts: Our parents aren't getting any younger. Failing to prepare and understand the in's and out's of your parents estate can cause unneeded stress and frustration in times of distress and emotion. According to a recent study by Forbes, nearly half of Americans over 55 do not have a will. To make matters worse, only 18 percent of people in that age range have all of the recommended legacy plan essentials: a will, a health care directive, and durable power of attorney.

Most people express that they want to avoid becoming a burden or causing financial hardship for their loved ones. In fact, they say this is their number one objective. However, most people admit that their lack of effective end-of-life planning could create long-lasting problems, confusion, and emotional turmoil for their families.

For you parent(s) wishes to be honored, they need to have the right financial and legal paperwork and plans in place. Once you understand your parents' wishes, there is peace of mind and the process of growing old is easier on everyone. It's tempting for both parents and children to put off the more difficult conversations. But vital issues, like power of attorney and long-term-care insurance, have to be discussed.

WHAT'S HOLDING PEOPLE BACK?

The most common inhibitor holding people back from end-of-life planning is the confusion around where and when to start. When you don't understand the basics about what you need and how to prepare the necessary documents, it's hard to start at all.

WHY IS END-OF-LIFE PLANNING IMPORTANT?

If you die without your affairs in order, you subject your loved ones to a time-consuming, expensive, and stressful process while they are already in mourning. Without a clear estate plan in place, assets get sent to probate and a court decides how to divide them up while also potentially subjecting your assets to federal and/or state estate taxes.

SO WHERE DO YOU START?

Similar to starting that new workout routine, the best thing you can do is to take action and just start now. While taking that first step can be uncomfortable, if you wait for the perfect time, that time may never present itself. You don't need to have all the answers from the start and everything does not have to be and will probably not be perfect after one conversation. This is ok! The most important thing to do is to get the ball rolling- you can always make edits and modifications later.

Important Estate Documents to Consider:

1. Will: A will provides that strongest and most widely recognized platform for expressing your final wishes. Remember that a will is the most effective when it's signed by you in the presence of witnesses. You can state in the will any bequests as well as outline who will receive specific assets upon your death.

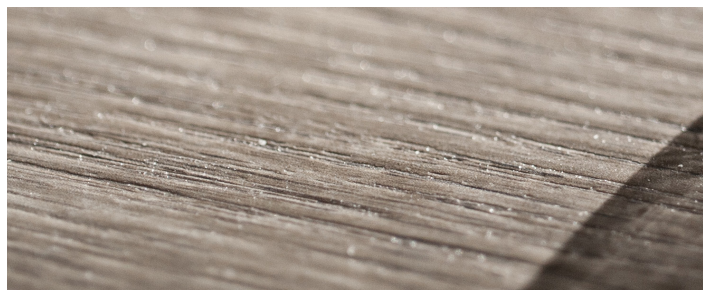
2. Power-of-attorney (POA): A person who has a POA can help with financial decision when it is not feasible for you to do so. However, if you would rather have the POA when an event such as disability occurs, you can have it as a springing POA.

3. Advance Care Directive (Living Will): You can use a living will to specify the course of your medical treatment at times when you cannot articulate choices for yourself. But remember, state laws vary on the strength and enforceability of advance care directives.

4. Health Care Proxy: A health care proxy lets you designate someone to make choices about your medical care when you are unable to do so. Like the advance care directive, the power and range of a health care proxy's authority is dictated by state law, which varies widely.

5. Statements of Intent: Allow you to lay out your philosophy and preferences for the guardians and trustees who will be asked to carry out your wishes. Statements of intent are your opportunity to articulate expectations for your dependents. You can also state desires that might not be customarily be included in a will and trust documents.

6. Beneficiary Designations: A beneficiary is entitled to receive the proceeds of an estate, trust, retirement account, life insurance policy, or transfer on death (TOD) accounts. A beneficiary can be one or more individuals or organizations, such as a trust or charity. It is important to keep your beneficiary designations up to date because named beneficiaries usually supersede instructions in Wills. By periodically reviewing your beneficiary designations, you can rest assured that your assets will be distributed according to your wishes.



People to Consider:

1. Executor: The executor is responsible for carrying out the provisions of your will. The executor may be a professional, like a lawyer or accountant. He or she may also be a close confidante or family member.

2. Trustee: A Trustee manages a trust you created and enforces the rules of that trust. Consider carefully whether you want to designate a specific person who knows your circumstances well or an institution that may offer depth of expertise and the ability to provide greater continuity that any individual might achieve.

3. Guardian: A guardian is the person who assumes your legal responsibilities for your children, pets, and any other dependents you might have in your absence.

TALK TO YOUR FRIENDS AND FAMILY

Odds are you are not alone when thinking about and/or having these tough conversations with your parents. Talking with your peers about these matters can help give you ideas and make you feel less alone and confused. It is likely that someone you know has lost a parent and dealt with the stresses and emotional frustration of not having the right documents in place. Hearing from them firsthand can help motivate you to avoid ending up in the same situation.

SEEK PROFESSIONAL GUIDANCE

As financial advisors, our mission is to help simplify your life and empower you to make better, smarter decisions by understanding the impact these decisions have on you and your family as a whole. One of the first items we cover is ensuring that your estate is in order and that you have all the right documents in place. Working with a financial advisor can help guide you in these conversations as an unrelated party with your best interests in mind. An advisor could also offer some perspective on legacy planning, including ways a trust or life insurance can help you minimize taxes and manage assets for your loved ones. Many advisors will also be able to help find you an estate planning attorney that is the right fit for you and your family while keeping costs within your budget.

THE TAKEAWAY

The most important takeaway is that there is never a perfect time to take care of estate planning. End-of-life planning will never be an exciting activity to complete since it's pretty morbid. However, you'll feel much better once it's done, and your loved ones will benefit more than you can imagine. So, take action today and start having these important conversations. Failing to prepare is preparing to fail- don't put it off any longer!



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