00:00:09:10 - 00:00:35:18

Speaker 1

Welcome, my name is Andrew Baron and this is, Well… It Depends! The podcast where I address financial decisions that can't be answered with a simple yes or no. In this episode I asked the question, what do I need for an estate plan? But before we began a short disclaimer. This is being recorded on October 17th, 2023.

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Speaker 1

The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice. It's important to consult with a professional before making any financial decisions as the strategies discussed may not be suitable for you specifically. Getting into it, what do I need for an estate plan?

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Speaker 1

Well… It Depends! Estate planning, while morbid on the surface, is actually a proactive way to control for your future. Before we do a deep dive, let's clarify one point. You already have an estate plan. Even if you've done nothing. The state in which you reside already has. But that would be like letting someone else order for you at a restaurant.

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Speaker 1

It might be okay, but is it really what you want? Relying on your state's default estate plan may also have unintended consequences for your loved ones.

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Speaker 1

Now we have the will. Think of this as your posthumous voice, letting your wishes be known loud and clear. However, it's important to update your will regularly, especially after life's significant events such as marriages and births. Otherwise, it may not properly reflect your desires. Aside from being public, wills can also lead to family disputes if the language is ambiguous, so clarity is key.

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Speaker 1

Then we have trusts. While there are many different types of trusts, ultimately you can think of a trust like a safety deposit box that only specific individuals under specific terms can act on. Trusts are not just for the wealthy, as they can provide benefits for taxation, protect your heirs against creditors or ensure that spendthrift heirs don't spend through their inheritance.

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Speaker 1

Besides their complexity, trusts can also be expensive to set up and maintain.

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Speaker 1

Moving on to personal wishes, health care directives allow you to have a say on your medical decisions, even if you're unable to speak for yourself. Think of life support and resuscitation orders. Similarly, a durable power of attorney allows you to nominate a financial advocate who can then pay your bills or manage your investments should you become incapacitated.

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Speaker 1

Trusting someone means believing they won't misuse their power as it's a significant responsibility, not simply a title.

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Speaker 1

Finally, we have beneficiary designations. While these are easy to set up, they can also be easy to forget about, especially after life events such as divorce or the birth of a child. Additionally, these may contradict other parts of the estate plan causing and confusion, so be sure that they're in sync.

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Speaker 1

To recap, everyone has an estate plan via your state's guidelines, but it may not be reflective of your personal preferences.

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Speaker 1

A will is your voice for asset distribution, but it's important to make sure it's updated regularly. A trust acts as a safeguard for assets with a number of other potential benefits. However, they can be complex and expensive. Health care directive and power of attorney allow you to pick medical and financial directives. However, it's important to pick your representatives wisely and beneficiary designations dictate who will inherit specific assets.

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Speaker 1

It's important to regularly check and update and make sure that it corresponds with other parts of the estate plan. So, to answer the question, what do I need for an estate plan? Well… It Depends!

Speaker 1: Andrew Baron, CFP®, EA