

ESTATE MATTERS

A RESOLUTION WORTH KEEPING: YOUR ESTATE PLAN

The New Year is a great time to reflect on accomplishments and future plans. If you resolve to get your finances in order, an estate plan is essential to an overall financial plan. Unfortunately, seven in ten people never create a will or estate plan. Every adult should have a will, advance medical directives including a living will, and a durable power of attorney. If you don't - you should! The effort spent on estate planning will be worth it. And consider updating an out of date will and estate plan. A comprehensive estate plan gives peace of mind to you and your family and provides a clear guidance as to your wishes in a number of areas.

Asset Allocation

A primary purpose of your will is to determine who will receive each asset. Absent a will, most of your belongings will likely be sold and the proceeds distributed according to the state's intestate provisions. The state's asset allocation may be quite different that what you have in mind. Wouldn't you rather assign the items so they will mean much more than just auction value?

Children

Failing to designate who will raise and care for your children turns this important decision over to a stranger - the judge - who will attempt to act in the children's best interest. After hearing testimony and considering legal priority, the judge may or may not take into account religious values and practices, current schooling, proximity to family and friends, and keeping siblings together. This may also result in a stressful and expensive legal battle by various family members. Additionally, a complete estate plan can provide for educational resources and resource management for those not able to pay for college or ready to handle significant finances.

Financial

Federal and state estate tax reduction may be an issue for those with significant assets. Also, state inheritance taxes may be a consideration, especially if you plan on passing assets to someone who is not an immediate family member. As your estate becomes larger and more complicated, myriad other financial considerations come into play. And you may also find the gathering and organizing of legal, personal, tax and financial documents necessary for a complete estate plan not only helps with the estate administration, but may actually help you in the here-and-now.

Miscellaneous Goals

A properly crafted estate plan tailored to your needs and desires may promote additional goals. Perhaps you wish to avoid future family conflict and ill-will. A proper plan provides cash to pay final expenses, taxes, and family living expenses awaiting for settlement of your estate. You may wish to protect a family business or farm and pass it onto a suitable heir. Regardless of your reasons and objectives, one thing is certain - now is the time to begin planning. Don't let this resolution end up on next year's list!

Disclaimer: This general information is neither legal opinion or advice, nor a complete estate planning discussion, and refers to Maryland law - your state's may differ. Please seek independent legal advice from an attorney for specific information.

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