

REASONS YOU NEED A WILL

Wills do more than just distribute property. A will lets you decide who gets what assets, and also who should take care of your minor children. Without a will, the state will decide who gets what without consideration of your wishes, or the needs or wishes of the family and friends you leave behind. Here are some of the top reasons to have a will:

1. Appoint a Guardian for Minor Children

If you have minor children, a will lets you appoint a guardian to take care of your minor children. If parents don't have a will, the court will likely choose among family members, but don't you have a preference? By making the decision in a will, you can be assured it's the person you want to raise your children (or make sure it isn't someone you don't want) and you can likely save some family arguments.

2. Delay Distributions for Minor Children

By state law, any money transferred to a child under age 18 or 21 (depending on the state) must be held by the courts until the child reaches 18 or 21. Then, the child gets the lump sum, free and clear. Would you have wisely spent a lump sum of money at age 18 or even 21? Probably not. A will lets you delay when your children receive that distribution or divide the distribution over a few years.

3. Appoint an Executor

An executor is in charge of winding up all of your affairs. He or she makes sure all the bills are paid, cancels your credit cards, notifies banks, and terminates any leases. Your executor will also be in charge of finding and distributing all your assets. This is a good time to make a list of assets you own that others might not know about. Do your children know where all of your retirement accounts are held? Do your parents know where you have bank accounts? That information isn't necessarily in the will, but can be on a list stored with the will.

4. Distribute Personal Property

A will controls more than just the house and the car, it can control who gets your Grandmother's heirloom jewelry and your Grandfather's stamp collection. Make sure these things go to the relatives that will treasure the items most by putting it in your will. Avoid the "mom would have wanted me to have it" arguments.

5. Address Non-Traditional Families

State intestate laws are old and typically don't address non-traditional family situations such as second marriages, stepchildren, children from a prior marriage, or unmarried significant others. To make sure those people are taken care of, you need a will.

6. Provide for Certain Family Members

You may have certain family members or friends who need more of your support, or certain close relatives you want to exclude. Making a will ensures your property goes to the family and friends you want.

7. Minimize Estate Taxes

Depending on the size of your estate, a will can be designed to minimize estate taxes. While all property passing to a spouse is tax-free, when the second spouse dies all the property (both husband's and wife's) could be subject to tax if over the exemption amount. In 2012, the estate tax exemption is \$5.12 million.

Hard to say what the exemption amount will be in future years, but in 2013 it could drop to \$1 million. Two people can quickly get to \$1 million in assets with a house, cars, retirement accounts, etc.

8. Support Charities

If you have provided support for a certain charity during your life, you may want that support to continue after your death also. Even if your family members agree to create a memorial fund in your honor, designating a charity or charities in your will ensures the funds go where you want, not where your family wants.

9. Powers of Attorney

Technically a power of attorney is a separate document from a will, but they really go hand-in-hand, and if you are making a will, you might as well get powers of attorney too. By granting someone power of attorney, you are giving them permission to make certain decisions for you when you are incapable. (That person is your “agent.”) Who will pay your mortgage and electric bills? If you run a business by yourself, how will the bills get paid if you can’t sign the checks? The documents can be worded so your agent can only make decisions when you are medically incapable. Without powers of attorney, a court has to step in to appoint someone to make decisions. That takes time and legal fees. Plus, healthcare and financial decisions can be very personal, don’t you prefer to pick who makes those decisions for you?

10. Peace of Mind

Finally, having a will saves everyone a little stress. Not just you, but also the family and friends you leave behind. Having a will ensures your wishes are carried out, the family and friends who depend on you are cared for, and your family won’t have to piece together all the details after you are gone. Drafting a will isn’t nearly as burdensome or painful as everyone makes it out to be. The sooner you do it, the easier it will be. This list likely has you thinking about some of the most important decisions. Why not do it now?

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