

Some people find the idea of “estate planning” to be intimidating. This is unfortunate because planning your estate is really about caring for your loved ones, seeing they are provided for, and making sure your hard-earned property is distributed according to your wishes.

Another misconception is that estate planning is just for the elderly. However, one glance at the news demonstrates that far too many young and middle age people die or become incapacitated suddenly, often leaving behind minor children who need care and direction. To be effective, estate planning needs to be factored into your overall financial plan, along with your children's college tuition and your retirement needs.

Your estate consists of all your property, including your home, personal property such as cars and furniture and intangible property like insurance, bank accounts, stocks and bonds, and pension and social security benefits. If you die intestate (without a will), your property still must be distributed. By not leaving a valid estate plan, you've in effect left it to state law to write your will for you.

What Can Estate Planning Do for You?

The first step in planning your estate is identifying your major objectives. Here are some of the objectives that proper estate planning can help you achieve.

1. Provide for your immediate family

A good estate plan makes sure that you can provide for your spouse and loved ones. Couples with children can ensure their education and upbringing is not left to chance. If you have children under 18 years old, both you and your spouse should have a will nominating personal guardians for them. Otherwise, if you and your spouse were to pass on a court would have to decide without your input where your kids will live and who will make important decisions about their money, education, and way of life.

2. Provide for other relatives who need help and guidance

If you have a family member whose life might become more difficult without you, such as an elderly parent, disabled child or grandchild you could ensure their future by establishing a special trust fund.

3. Get your property to beneficiaries quickly

By planning ahead you can ensure your beneficiaries receive the property you've left them promptly and without unnecessary expenses and court interference.

4. Plan for incapacity

Using living wills and durable powers of attorney you can plan for possible mental or physical incapacity and pick someone you trust to make important health and financial decisions for you.

5. Minimize expenses

Estate planning can reduce the expenses associated with transferring property to beneficiaries, such as probate costs; leaving more for the ones you love.

6. Choose executors/trustees for your estate

By choosing competent executors/trustees you can save your estate money, reduce the burden on your survivors, and simplify the administration of your estate.

7. Ease the strain on your family

You can take a lot of the burden off of your grieving love ones by planning ahead for funeral arrangements and other expenses and by letting your loved ones know how you would want your affairs handled. Don't make them have to figure things out on their own.

8. Help a favorite cause

Your estate plan can help support religious, educational, and other charitable causes, either during your lifetime or upon your death, and at the same time take advantage of tax benefits designed to encourage charitable giving.

9. Reduce taxes on your estate

You want the maximum amount possible to go to your loved ones and designated beneficiaries. Proper estate planning can help you give the maximum allowed by law to your beneficiaries and the minimum to the government.

10. Make sure your business runs smoothly

If you have a small business, the operation might be thrown into chaos without you to guide it. A good estate plan can provide for an orderly succession and continuation of your business affairs by spelling out what will happen to your interest in the business.