



Your Guide to Estate Planning

The Decisions, Documents, and Delegations You
Need to Make

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Why Should You Start Estate Planning?

Estate planning is an important part of everyone's life. By creating a plan for your family and friends to follow after you pass away, you can help them to avoid unnecessary stress and confusion during an already difficult time. You can also ensure that your assets are distributed in the way that you desire and that you have representatives that you can trust. See our complete step-by-step process in this full estate planning guide.



Step One: Set Your Estate Planning Goals

Estate planning encompasses much more than just creating a [Last Will and Testament](#). To successfully complete and execute your plan, your first step should be to have a clear idea of what you would like to accomplish.

By knowing what you want to achieve, you can create your plan around your preferred outcome, and help to ensure that the entire process is centered around your personal wishes and the goals that you set for yourself.

Some common estate planning goals include:

- Ensuring that your family is given financial support.
- Naming guardians for any minor children, and laying out a financial plan for their support.
- Dictating how a business will be managed in the future.
- Leaving your assets to a charity.
- Requesting specific funeral arrangements, senior care, or health care preferences.

- Choosing the beneficiaries who will receive your estate.
- Specifying your preferences in the case of a medical emergency or incapacitation.

Whatever your goals may be, understanding and maintaining those goals throughout your preparations will help to shape your plan so that the outcome is in line with your reasons for creating an estate plan in the first place.



Step Two: Document Your Assets and Debts

To understand what assets you have to leave to any beneficiaries, you first need to take a look at your debts. Any assets that you have will be used to clear your debts before being distributed to the recipients of your choice. Because of this, you may have more, or less, to give than you previously thought.

Assets include properties, investments, and other income or value producing resources. An asset is generally something that, if sold, will generate profit for the seller.

A debt is money owed, such as a credit card balance or loan. To calculate the residual value of your estate (the assets that you have left to distribute after your debts are paid), you first need to calculate your total assets and debts. These can include:

- Mortgage
- Cash
- Vehicles
- Properties
- Businesses and Investments

After creating a list, subtract your total debts from the total value of your assets. The remainder is what you have left to distribute amongst your beneficiaries at this time. Remember that this number can change based on payments that you make, assets that you sell, or debts that you accrue. Also, if you wish to specifically gift any item or asset to a beneficiary, you should make note of it to ensure that it will not be sold in order to cover any outstanding debts you may have.

By knowing where you stand financially, you are left with an accurate view of your residual estate. If you find that it isn't as much as you thought, you can make changes to better your financial situation before you pass away by selling assets, paying off debts, or altering your investments.



Step Three: Select Your Executor and Attorney-in-Fact

Choosing who will execute your plans is just as important as actually making them. Whoever you choose should be someone you can trust, who can bear the weight of the responsibility, and most importantly, who is willing to act as your representative.

An executor is the person who will ensure that the requests or terms within your [Last Will and Testament](#) are carried out properly.

The executor will:

- Administer your property and assets,
- Arrange for debt repayment,
- File necessary forms, and
- Arrange for any charitable donations or gifts to be given to the correct parties.

An attorney-in-fact is someone who is given authorization to make certain decisions on your behalf in your [Power of Attorney](#) document.

A Power of Attorney document names your attorney-in-fact and details what decisions they may make on your behalf while you are alive or if you become incapacitated. These decisions could include anything related to:

- Business
- Finance
- Real Estate
- or Law

You may grant your attorney-in-fact the ability to act in all of your affairs, or restrict their powers to certain areas (such as real estate, business, or finance). You may also choose different attorneys-in-fact to handle legal, financial, or business decisions for you.

After choosing both an executor and an attorney-in-fact, you need to inform them of your choice, and also ask if they are willing to act on your behalf. If they are, you should discuss your estate planning goals with them.

Ask if they are comfortable carrying out your plans or making decisions on your behalf, and include them in your estate planning process. The more that they understand about your wishes and your goals, the more they will be able to act according to your best interests.



Step Four: Consider Your Medical and Care Preferences

The next big step in creating your estate plan is to think about any explicit wishes you may have when it comes to your funeral arrangements, organ donation, or incapacitation and care preferences. In terms of your choices, you can either state your wishes down to the last detail, or you may just want to include certain things that you feel strongly about. Aside from reflecting on these things personally, once you reach a decision, you should also inform your executor and attorney-in-fact so that they are aware of your intentions.

Questions to Ask Yourself:

- Do I want to donate organs?
- Do I want to be resuscitated?
- Do I want palliative care?
- Do I have any specific medical preferences?
- What do I want my family to do if I become incapacitated?



Step Five: Create Your Documents

Once you have made the necessary decisions and advised any relevant parties of your choices, it's time to start your physical estate plan by creating the documents you need. There are various documents that you may wish to use depending on your situation, including:

Last Will and Testament: A Last Will and Testament is a document that allows you to distribute your assets to the beneficiaries of your choosing. This is a common estate planning document that most people use to divide their estate upon their passing.

Power of Attorney: A Power of Attorney can appoint a representative to make decisions on your behalf while you are alive and if you become ill or incapacitated either temporarily or permanently. It allows an individual to make financial, business, and legal decisions on your behalf.

Health Care Directive: A Health Care Directive is a document that specifies your health care wishes and allows another individual to enforce those decisions on your behalf. It often includes details about life support and comfort care preferences in the event of a terminal illness, coma, or vegetative state.

Gift Deed: A Gift Deed is used to transfer ownership of an item from one person to another. Generally, when used as part of your estate planning, the item is either of monetary or sentimental value and the recipient will receive the gift upon your death.

Ready to Create Your Documents?

[Start My Free Trial](#)



Step Six: Gather Important Paperwork

To keep your estate planning as consistent and organized as possible, you should gather copies of all of your important documents that may be needed when your estate wishes are to be executed.

Important documents may include:

- Marriage, divorce, and separation documents.
- Adoption and birth certificates for children.
- Property deeds and titles.
- Business and investment share certificates.

Having these documents alongside your estate planning documents can assist with proving ownership or relationship changes in the event of a dispute. By laying out clear and legally sound estate plans, and having all relevant documentation, you can help to make the process easier and less stressful for your family.



Step Seven: Store Your Estate Plans and Inform Your Representatives

Once all of your estate planning documents are complete, you should store them in a safe place. It's a good idea to keep copies for yourself while leaving another set with your attorney. Inform your executor and attorney-in-fact of where your documents have been stored so that they know where to find them in the event of your passing or incapacitation.

You can store your estate documents:

- In a safe
- In a safety deposit box
- With your attorney
- With your representatives
- With your bank or accountant



Step Eight: Updating Your Estate Plans

Once you complete your estate plans, you need to ensure that they stay up-to-date. Review them periodically, or after any major life events, such as a marriage, divorce, birth, death, loss or gain of a major asset or debt, etc.

You should also consider reviewing your estate plans prior to traveling, undergoing surgery, or if your preferences drastically change in a way that will affect your existing plan.

For small changes to your existing documents, you may use a [Codicil](#). For any large changes, you may want to consider creating a new Last Will and Testament.

If, for whatever reason, you wish to revoke an existing Power of Attorney, you may do so using a [Revocation of Power of Attorney](#). If you do wish to choose a new general attorney-in-fact, be sure to revoke the previous Power of Attorney and to inform the necessary parties of these changes to ensure that your new document is considered valid.

If you add properties, businesses, or investments to your assets, or your situation changes, be sure to not only review your estate plans, but also include the most recent copies of the documents themselves.



Start Planning Before it's Too Late

Your estate plans should take time and consideration to complete. If you start out with a goal in mind, you can help to ensure that your family and friends can take the time that they need to grieve instead of having to encounter conflicts and confusion when you pass away. The more inclusive you are in your plans, the more it helps your family and friends to focus on healing.



Estate Planning Checklist

Estate planning is the best way to ensure that your loved ones are cared for after you pass away. By creating your estate plans early, and talking to your personal representatives about their roles, you can give yourself, and your family, the benefit of peace of mind.

Set Your Estate Planning Goals

- Determine who you would like to leave assets to
- Have representatives in mind
- Consider child and pet guardians
- Plan out gift recipients or donations to charities

Document Your Assets - List all assets, such as:

- Real estate titles and their balances
- Business shares and values
- Investments
- Banking information, such as checking and savings account balances
- Vehicles and their current worth

Document Your Debts - List all debts, such as:

- Credit card balances
- Loan balances
- Mortgages
- Money owed on vehicles

Select Your Executor and Attorney-in-Fact

- Speak to potential representatives
- Explain responsibilities to representatives
- Ensure that representatives are willing to perform necessary tasks
- Inform representatives of your current estate plans and goals
- Inform family of your chosen representatives

Consider Your Medical and Care Preferences - Physical and care preferences to consider are:

- Whether or not you would like to donate organs
- Resuscitation and palliative care options
- Who you would like to make health care decisions on your behalf

Create Your Documents

- Last Will and Testament
- Power of Attorney
- Health Care Directive

Gather Important Paperwork - Make sure to have copies of:

- Real Estate Titles and Deeds
- Share Certificates
- Proof of Ownership for vehicles and other high-valued assets
- Marriage, Divorce, and Separation Documents
- Adoption and/or Birth Certificates (for all of your children)
- Last Will and Testament
- Power of Attorney
- Gift Deeds
- Health Care Directive

Include a list of passwords for your digital accounts, such as:

- Social media accounts
- Bank accounts
- Online business or real estate portfolios

Store Your Estate Plans in a Safe Place - Have copies of your documents for:

- Yourself
- Your attorney
- Your representatives

And store them in a safe place, such as:

- A safe
- A safety deposit box
- A trustee company
- With a bank, an accountant, or an attorney

And don't forget to:

- Inform your representatives of codes or combinations to access the documents

Keep Your Estate Plan Up-to-Date

Update your estate plans if you:

- Get married, divorced, or separated
- One of your representatives passes away
- One of your beneficiaries passes away
- You purchase or sell assets
- You lose or acquire debt
- You have any biological or adopted children

The key to good estate planning is communication. Make sure that your family, friends, and representatives are aware of your plans, and where your documents are located. Be clear and consistent throughout your plans to make sure that your beneficiaries are left with as little hassle as possible, while still maintaining your wishes and goals.

Find all of LawDepot's Estate Planning documents, or start your free trial here:

<http://www.lawdepot.com/contracts/groups/estate/>

