



# 8 Necessities to Properly Prepare your Estate

223 E. Blackstock Road  
Spartanburg, SC 29301

p. 864 582 7766  
1-800-277-0025

[asknoel@theprovestperspective.com](mailto:asknoel@theprovestperspective.com)  
[www.TheProvestPerspective.com](http://www.TheProvestPerspective.com)  
[www.ProVestWealth.com](http://www.ProVestWealth.com)

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So many people think that the act of doing an estate plan is only for rich people. But it's actually not. Every day, we wake up to the promise of a new day. But one day, that day is not going happen. And you have to ask yourself, do I want to leave behind a mess for my heirs?

Have you organized your documents? Have you done the things with your finances and your property that you should have done? Wouldn't it be nice to know that you've laid the framework where when you're not there anymore, you are not leaving a nightmare behind?

So many people are concerned because they don't want have to pay the estate tax, and they think the federal government's going to come in and take a bunch of their money before their heirs get it so they better do something about it.

There's some truth in that, but you would be surprised how few people that actually applies to, because of the estate tax exemption.

And your estate consists of your real property like real estate, your belongings, any financial instruments, life insurance, and things like that. If it's over \$12.92 million, then you're going to owe tax on that amount. That is high for now and it does vary with whoever's in Congress, what laws they want to change, and is adjusted periodically.

So, for most people, they're really not going to pay an estate tax.

But planning for your estate is still critically important. This report describes the **8 necessities to properly prepare your estate.**

How many have had a loved one die and then had to go through all of their stuff to make sure that properties accounted for and that nothing is left behind? US Trust did a survey of 3000 investors with at least \$3 million of investible assets. They found that 47% did not have an advanced healthcare directive.

72% did not have a comprehensive estate plan.

60% did not have any kind of trust documents.

30% did not even know where their documents are stored. (and if **YOU** don't know where all your documents are, how do you think your executor, your children or your spouse, are going to find them?)

54% hadn't told their executor how to access their documents.

58% hadn't organized their online passwords. (that is something you probably don't think about).

These things are critical.....and these are people who have 3 million in investible assets!

There's a poster of what are called "estate planning failures". These are famous people like Michael Jackson, Sonny Bono, Walter Cronkite, etc. who died and left a mess in their wake.

These are people who ostensibly are very rich and had access to high paid estate planning attorneys and accountants, but yet they still left a mess. So the key is doing the work in advance.

## Necessity #1 to properly prepare your estate: Write a Will

Most would be surprised to know how many people die, what's called testate, and that is without a will, because the state has a plan for your estate.

**So the first necessity to properly prepare your estate is to.....Write a will.** It's not difficult to write a will as long it's as witnessed by the proper amount of people based on the state you're in, then you're good to go. You can even go to legalzoom.com and they prompt you with questions and it's not very expensive. But I would suggest if you've got any complexity in your financial assets, that you at least have a discussion with an attorney to find out if everything you have is in order. If you don't have a will, you definitely need to do that first. What exactly is a will? A Will is a directive that says....When I'm gone, this is what I want to happen with my possessions. What I usually suggest is if you don't need a trust, try to make all of your financial assets beneficiary driven. That means to be sure all of your IRAs have the proper beneficiaries on them. Have that your bank accounts are payable on death transfer, with the proper form. A lot of brokerage accounts may not require a beneficiary to do the new account, and there's typically an extra form.

The second step of a Will is to list. If there are special things that you want to go to certain people, list them. Try and brainstorm first before you sit down to do a will. Say things like.....what is important to me to give to my oldest daughter, my youngest daughter, my son, etc. Make a list of those, and then you start writing your will out. Keep the list and then when you do your will, be sure and put that in the will.

Your executor's job is to make sure that your wishes are taken care of. One of the issues I've seen from time to time is when people don't do that, and if there's valuables, then the first child in the house, depending on the family, is the one who gets everything. So, if everybody lives out of town except one, then the child who was in town could basically have cleaned house before everybody else got there. And then that brings up divisions in the family. So often divisions in the family come from **not** having a good estate plan.

## Necessity #2 to properly prepare your estate: Having a Power of Attorney

**The second necessity is having a power of attorney.** This can also be done online, or you can have an attorney do it. Typically, when an attorney does your will, they'll do Powers of Attorneys too for a bulk price. That designates that when you're no longer able to make financial decisions, whether you're out of the country, you're disabled, had a stroke, etc., it allows whoever you designate to be able to make financial decisions and execute things for you.

This needs to be done in advance. It can't be done once the problems happen. Sometimes financial institutions won't accept powers of attorneys that are past a certain age. So you need to check with your financial institutions about what their rules are of accepting a financial power of attorney and make sure you comply with those rules because then when you need it, it'll be there.

## Necessity #3 to properly prepare your estate: Having a Healthcare Directive

### **Number three is having a healthcare directive.**

If you remember the Terry Shiavo incidents where all that legal battle went on about her care and whether the plug should be pulled, nobody wants that to happen. Nobody wants their family to have to deal with that. So lay out in advance, what decisions and who's going to make them when certain things happen. Make sure that you've got your medical things taken care of.

Another thing is have a prescription drug list because that's going to be important if you go to the hospital. The hospital needs to know what you're taking. Let's say you had a massive stroke and it put you into a coma. Having a list of your prescriptions could prove to be very important to be sure they give anything you're supposed to have, during that time you are incapacitated. So, make sure you have your emergency health info on a list. That's any emergency contacts, any allergies you may have, any health insurance information, and any health history that's significant and it would be important for a doctor to know that's really critical.

## Necessity #4 to properly prepare your estate: Organize your Finances

**The fourth necessity is to organize your finances.** This is a critical factor. How many people could come in right now and identify where all your statements are, as well as identify your passwords to your accounts and the contact information for each of those accounts. This is very important, because if you think about the grief that your family's going through just with you gone, and then now they've got to clean up your estate? You may think you're fine because you have your statements and your will and they're in the file so you know where they are. But just about everything we access today needs a password because so much is online. Very few people that I see, totally rely on paper. So have a password list. You can also get a secured thumb drive and only give certain people the password to that secured thumb drive. These are not that expensive, and it secures them.

In that place where your account info is, put the company names, the account numbers, the amounts, and if there's any contact information. For example, if you have a financial advisor write down who that is. What if you have a lot of accounts and a lot of them are with different companies for various reasons, just imagine if your family had to sort through that without help. That's where a financial advisor becomes very handy, is knowing where all those are. If you have multiple advisors, then each one of those advisors needs to step up and be part of that.



Another thing that's important is a list of any insurances that you have, whether it's life insurance or long-term care insurance. It could be that there's a death benefit available in a long-term care policy. Maybe they never collected on the long-term care policy and maybe they were on care and you just paid the premium. A lot of people don't realize that if you pay your premiums annually and someone goes on care and they haven't gotten through the period where they're on waiver or premium yet and they die, then the amount of care they didn't get out of that year is refundable. There could be money coming back from that insurance company, but you've got to know that in advance. It's really important that any life insurance you have so make sure you hang onto the policies. For example, if your spouse dies and they have an insurance policy with a big company, without the documents, it can take quite a while to collect on that.

## Necessity #5 to properly prepare your estate:

### Write Letters

**The fifth is more of a personal one, and that's to write letters.** Sit down, take some time and think about what if you died tomorrow. Write a letter to those people that are special to you, telling them how special they were. That way it softens that blow when you're gone. This can be really special to your family and friends.

If you want to leave gifts to people, tell them about it. Tell them what it is. So those special things, these people have been special to you.....be special to them. Make sure your house is in order. Make sure if people mean something, you tell them what they mean to you.

## Necessity #6 to properly prepare your estate: Meet with your children and tell them your plans

### **Number six, is meet with your children and tell them your plans.**

When you get your 8 necessities to properly prepare your estate done, sit down and have a meeting with them and tell them what you've done. The reaction you may get is that they don't really want to talk about it. So what you tell them is..."I know, but it's time for us to let you know how much you mean to us, so these are the things we've done to make sure things go smoothly after we're gone."

If you've got plans for certain things, lay them out. Let them know who to contact in the event something happens to you. If they're involved in the executor role, tell them where everything is. Make sure they understand where your will, your trusts, your powers of attorneys, your healthcare directives, your insurance policies, your financial account info. Also, tell them what you'd like to do with the home. Today not a lot of people's parents live in the home they grew up in, but some still do and some of the kids may really want that home. Sometimes it's having those hard conversations that are really, really important, that your loved ones appreciate. They may not appreciate it now, because it's an uncomfortable subject. But they sure will appreciate it later. Believe me, I have seen folks who didn't do these things and the stress and the anguish that comes from leaving unfinished business in loose ends.

So, make a list of those things. It's all about communication. Let people know what you expect and where you are. That solves so many problems and prevents so many other problems.

## Necessity #7 to properly prepare your estate:

### Sit down with your spouse

**Seven is to sit down with your spouse.** Plan a bucket list. What would y'all like to do together, and separately, before you die? Have an open and honest discussion about what to do when you're not there, what you want your spouse to do, who your executor's going to be and why. Discuss that with your spouse because you may not agree on things and you really need to resolve that beforehand. Again, it's all about communication.

## Necessity #8 to properly prepare your estate:

### Now that you've made plans, how are you going to pay for it?

**And finally, Number eight is....now that you've made those plans or that bucket list, how are you going to pay for it?**

Make your plans, budget your plans, write down your plans, and then you'll find they'll be easier to execute.

Because once you really sit down and put some thought to it, then things happen. When they're just thoughts nobody ever really knows about them. So make a plan, write it down, and then make a budget for it.

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