

## FREQUENTLY ASKED QUESTIONS ABOUT ESTATE PLANNING ©

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**What is estate planning?** Estate planning is the creation of a plan for managing your assets during your lifetime and distributing your assets upon your death. It may involve financial, tax, medical and business planning. Planning ahead allows you, not a judge, to make decisions about your affairs. Your estate plan should be specifically tailored to your resources and your family needs.

**Do I need an estate plan?** Regardless of your income, wealth or marital status, you need an estate plan. An estate plan involves more than just creating a will. It allows you to designate someone to manage your assets and make personal and health care decisions if you become mentally or physically incapacitated. It allows you to plan for the care of your children in the event of your untimely death. And it allows you to minimize estate taxes and leave more of your assets to your loved ones.

**When should I make an estate plan?** The best time to plan for death or disability is when you're healthy. You are more likely to make better decisions when you're feeling well than when you are ill or under mental or physical stress. Moreover, a legal challenge to your estate plan is less likely if it is created when you are mentally and physically competent.

**What estate planning documents do I need?** An estate plan will usually include four vital documents: a durable power of attorney, a designation of patient advocate (medical power of attorney), a living will, and a will. In many cases, it will also include a revocable living trust.

**How often should I review my estate plan?** You should do a quick review of your estate plan every year and a more detailed review every 3 - 5 years. It is also important to review your estate plan when you have a major life event, such as a marriage, birth or adoption of a child, or death of a family member. This includes reviewing and updating all beneficiary-named accounts.

**Why do I need to update my beneficiary-named accounts?** If you fail to update a beneficiary-named account, those assets must pass to the named beneficiary even if your will or trust dictates otherwise.

### **What are the pros and cons of estate planning?**

#### **Pros**

- Controlling assets while you are alive
- Controlling assets after death
- Minimizing the emotional and financial burden of your heirs
- Minimizing feuding among heirs over your estate
- Minimizing estate, gift and inheritance taxes
- Increasing the amount available for charitable donations
- Avoiding the cost and delay of probate
- Providing provisions for a guardian of minor children
- Providing provisions for health care and financial matters if you become incapacitated

**Cons**

- You have to think about your own mortality
- It may dredge up family conflicts
- The upfront costs of developing an estate plan