



BOB CARLSON'S

Retirement Watch

SPOTLIGHT SERIES

12 Essential Elements of a Successful Estate Plan

Bob Carlson
Editor, *Retirement Watch*
800-552-1152



www.RetirementWatch.com



Estate planning is...

- **not only for the 1%**
- **more than estate taxes**
- **more than income taxes**
- **not “one and done”**
- **about protecting your quality of life**
- **about protecting your legacy**



Essential Document(s) #1

- **Pandemic showed the need**
- **HIPAA authorization: essential for non-spouse decisionmakers**
- **Do Not Resuscitate (DNR) order**
- **Living will (less used now)**
- **Advance medical directives, or**
- **Medical care power of attorney**



Make It Effective

- **Bundle in one document?**
- **Be sure it is valid where needed**
- **Don't keep it to yourself**
- **Providers need to know**
- **www.hardchoices.com**



Essential Document #2

- **Financial power of attorney (POA)**
- **Choose agent carefully**
- **Consider multiple agents**
- **Limited or general power**
- **Check with financial institutions**
- **Consider oversight**
- **Consider side letter**



Have a Probate Plan

- **Can be expensive, time consuming**
- **Public process**
- **Probate ensures oversight**
- **Streamlined in some states**
- **Many ways to avoid probate**
- **Know pros and cons of each**



Main Ways to Avoid Probate

- **Living trust**
- **Retirement accounts**
- **Annuities, life insurance**
- **Joint accounts, joint title, survivorship**
- **Transfer/Payable on death accounts**
- **Remainder interest**
- **Lady bird deed**



Will vs. Living Trust

- **Will and POA are for everyone**
- **Can have automatic successor trustee**
- **Will POA or successor be recognized?**
- **Need a transition strategy**
- **Have the right people in place**



Review Beneficiary Designations

- **Frequent, tragic oversight**
- **List all assets that pass by law, contract**
- **Review when circumstances change**
- **Review with entire estate plan**
- **Consider tax consequences**



Have a Lifetime Giving Strategy

- **Planned giving is more effective**
- **Know which gifts are tax free**
- **There are pros and cons of lifetime gifts**
- **Give directly or through trusts?**
- **Give equally?**
- **Account for lifetime gifts in will**



Develop Charitable Strategy

- **Give during life or through estate?**
- **Use qualified charitable distributions**
- **Establish lifetime income through gifts**
- **Maximize the tax benefits**



Anticipate, Prevent Conflicts

- **Personal items**
- **Funeral, memorial service, burial format**
- **Risks of blended family**
- **Spouse's income vs. heirs' inheritance**
- **When heir is executor or trustee**
- **Unequal treatment of heirs**



Plan for Digital Assets

- **Broader than people realize**
- **Inventory of digital assets, access info**
- **Don't forget automatic payments**
- **Decide who can access each asset**
- **Provide for access in will**



Make Estate Succession Easier

- **Have updated inventory of assets, debts**
- **Documents organized, available**
- **Leave advice for executor, trustees**
- **Plan for special assets**
- **Don't forget to minimize conflicts**



LTC is Part of Estate Planning

- **Have a plan to finance long-term care**
- **Preserves quality of life, estate**
- **Can be:**
 - **Self-funding (portfolio, home equity)**
 - **Traditional LTCI**
 - **Hybrid annuity, life insurance with LTCI**
 - **Don't depend on government programs**



Establish a Personal Legacy

- **A non-financial legacy**
- **Ethical will, family love letter**
- **Can be video, audio, digital**
- **Collection of photographs, videos**