



Advice Topic:

Estate planning – actions to take now



Preparing for the unexpected is as important now as ever, given the current environment with the COVID-19 pandemic. It is important to review your estate planning strategies to ensure your wishes or the wishes of those you care about are carried out in an effective and timely manner.

You can also use this time as an opportunity to talk with those you care about. Whether you are planning for the distribution of your own estate or you are a potential beneficiary of someone else's, now is the time to discuss wishes about leaving a legacy. Basic estate planning can help alleviate stress for heirs at a difficult time. Below is a list of estate planning strategies to consider:

Beneficiary Designations

Beneficiaries listed on insurance policies and financial accounts generally supersede instructions in a will and avoid probate. Updating beneficiary designations now for retirement accounts, personal insurance plans, and transfer-on-death (TOD) instructions for non-qualified accounts, can help assure assets will be distributed according to your wishes at death.

Since a typical family may have several accounts and policies with beneficiary designations, it's a good idea to create a simple inventory as shown on the next page or create a [Family Legacy Planner](#) to document and inventory your wishes and financial information.

Health Care Directive

Also known as a living will or an advance directive, a health care directive is a written document that informs others of your medical treatment preferences in the event of your physical or mental incapacitation.

Power of Attorney

A power of attorney is a document that indicates who can act on your behalf.

Powers of attorney can be written in many ways, with specific powers given dependent on your wishes. It may be prudent to consider a durable power of attorney, which will continue if incapacitated. Another consideration is a durable power of attorney for health care, which is a way to give informed consent to another person regarding health care decisions if you become incapacitated.

Will

The main purpose of a will is to provide instructions for the distribution of your property after your death. If you die without a will, your estate will be distributed according to state law, which might not represent your wishes. A will can also help avoid challenges in probate. Generally, a will names an executor who will manage and settle the estate according to your wishes. Updating your will now will help to ensure your estate will be distributed as you desire.



Guardianship

If you have minor children or dependents with special needs, you can designate their guardian in your will. Guardianship can help ensure your dependents are cared for by someone you know and trust and help avoid custody disputes.

Life Insurance

Now is a good time to revisit your life insurance needs and current policies. Life insurance is an integral part of any financial plan to prepare for the unexpected loss of a loved one and the ability to provide for those that depend on them. Life insurance can help ease the financial burden of dependents and can also provide estate liquidity to pay for administrative and funeral costs.

Life insurance can also be used to provide for business succession planning that will ensure a plan for the sale and purchase of a business through proceeds and business continuation in the event of an owner's untimely death.

Trusts

Not just for the wealthy, trusts can help accomplish various goals for the control of an estate during life and at death. Trusts ensure your wishes are met, help avoid costs and time delays of probate and ensure that assets go to intended beneficiaries. Trusts can also help protect assets from creditors and potentially reduce tax liability.

Things to consider:

Below is a sample estate document checklist that you should update with your financial advisor & executor now.

Accounts/Beneficiary designations/Transfer-on-death (TOD)

Bank/Investments	Beneficiary	Last updated
Retirement Accounts	Beneficiary	Last updated
Titles & Deeds TOD	Beneficiary	Last updated
Life Insurance	Beneficiary	Last updated

Legal documents

Health care directive	Agent	Last updated
Will	Executor	Last updated
Guardianship	Guardian	Last updated
Power of attorney	Agent	Last updated
Trust	Trustee	Last updated

Here's how we will get there:

1. Talk to your family and loved ones about your estate planning wishes and concerns, as well as theirs.
2. Identify individuals fit to execute certain estate planning duties and ask for permission to name them in legal documents.
3. Create a list and location of all bank accounts, investment accounts, titles & deeds, and life insurance policies. Confirm all beneficiary designations, TODs, and dates of last update. Update if necessary. Review beneficiary designations now and every two years, or whenever there are changes to your family or personal situation. This can also be done using the [Family Legacy Planner](#).
4. Work with your attorney to create a health care directive, will, guardianship and power of attorney, if you have not done so already. Discuss the duties of each with your agent, executor or guardian, and provide copies of the documents to them.
5. Review your current life insurance needs and policies with your financial advisor as soon as possible. Determine the amount needed to provide for those who depend on you and implement a plan for updating policies or adding to your life insurance plan.
6. For business owners, create a business succession plan & directive. Discuss with family members and key partners/employees your wishes for the smooth transfer of the business to future responsible parties. This may include family considerations, management transition, income and tax transfer, and short-term contingencies. Items to document and keep current include ownership percentage breakdown, buy/sell agreement possibly using life insurance, revenues, market value, products & services rendered, key employees, and retirement plans, if any.
7. Discuss with an attorney whether the use of a trust(s) could help you in estate planning, asset protection or reducing taxes. Discuss the duties with your trustee and provide a copy of the documents to them.
8. Draft a letter to your executor listing document locations, account numbers, financial professionals and phone numbers. Review and update this letter every two years or when there are changes to your family or personal situation.

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