

Estate Planning Strategies

This report discusses **Estate Planning Strategies**. We talk about what a sound **Estate Plan** encompasses and we highlight the key tasks to complete now rather than later. To understand the full financial impact, please consult a tax professional, attorney, personal physician, spouse/partner and family members. Be aware that inheritance laws vary from state to state.

Estate planning is a subject people are understandably reluctant to discuss. What happens to your assets, as well as the interests of your family members, when you pass away or become unable to make decisions for yourself? As you may know through your legal work, establishing legally-binding documents and putting protections in place now will help ensure that your wishes are carried out instead of burdening your loved ones with the hassle of probate. **To get your estate in order, consider the following:**

1



CREATE A WILL

Your will conveys your final wishes for the disposal of your estate, which may consist of assets that need disposition: savings, property, jewelry, even furniture. If you own your own law firm, you are its most important asset. You may want to consider creating a separate business succession plan that provides for your firm's sale or continuance so it can generate income for your heirs even after you cannot.

If you die without a will, your assets could be tied up in the courts for years or even decades, possibly depriving your heirs of money that instead goes to pay legal fees, probate costs, and taxes. In terms of human costs, as you may have seen in your career, disputes involving an inheritance can cause stress and can damage family relationships.

Did You Know?

Only **4 out of 10** adults have a will.¹

64% of parents, with children under the age of 18, **do not have a will**.

*The most common reasons are procrastination, cost, and not believing a will is needed.*¹

Some famous people who died intestate were:²



Jimi Hendrix: It took 30 year to resolve the court battles; meanwhile, his music accrued royalties.



Howard Hughes: His supposed will was a forgery and 22 cousins eventually inherited his estate.



Pablo Picasso: It took six years and cost the estate \$30 million to divide his assets among six heirs.



Abraham Lincoln: Ironically, he was a lawyer long before he was President. It took about 31 months to settle his estate.³

¹ "More Than Half of American Adults Don't Have a Will, New Survey Shows" <https://www.caring.com/articles/wills-survey-2017>

² Bostwick, Heleigh. "10 Famous People Who Died Without a Will." (2011, March) Posted on Legal Zoom.

³ Mayoras, Danielle and Andy. "Are You More Prepared Than Lincoln Was?" (2012, December 4) Posted on Forbes.

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KEEP YOUR BENEFICIARIES CURRENT

Many people believe that the terms of their will govern the disposition of their retirement account assets. Unfortunately, this is not the case. By law, the Program can only distribute the assets in your Program account to the beneficiary or beneficiaries you've designated on a **Beneficiary Designation Form**. This form is located in the **Forms** section at www.abaretirement.com. It is critical that you update your beneficiaries after any major life event. For example, under the terms of a retirement plan, a marriage automatically revokes any prior beneficiary designations.

If you die without a valid beneficiary designation in place, then the terms of the plan document will dictate the payment of the assets: first to your surviving spouse; if none, your surviving children; if none, your surviving parents; if none, your surviving siblings; then to the executor or administrator of your estate.

3



NAME YOUR EXECUTOR

The person you choose to carry out your wishes, pay the applicable taxes, and handle the other myriad duties of administering your estate can be a friend, family member, or even an institution. Make sure your conversations with your executor are clear, in-depth, and frequent, should your wishes or circumstances change. For example, you may want to schedule a standing meeting with your executor annually to ensure they're aware of your most current wishes. And, don't forget to discuss the executor's fees with your executor, as they may be a significant cost to your estate.

4



ESTABLISH INSURANCE PROTECTIONS

Having adequate life insurance or long-term care coverage can help insulate your estate and family against the loss of your income, funeral costs, and catastrophic health expenses.

5



PROVIDE FOR YOUR CHILDREN

If you have minor children or children with special needs, decide upon their guardian with your spouse or partner should you and/or their other parent no longer be living. Understandably, this decision can be emotional and one you would rather put off. If you and your spouse or partner have not properly named a guardian, a family court will appoint a guardian instead. In addition, consider creating trusts to fund your children's care and education.

6



HAVE A LIVING WILL/POWER OF ATTORNEY

You can relieve your loved ones of stressful or painful decisions with these two documents. A living will or health care proxy clearly states your wishes or establishes the person who may speak on your behalf with respect to health decisions if you are no longer able to make and communicate these decisions. A durable power of attorney allows you to appoint someone to make financial decisions on your behalf. With respect to decisions involving your Program account, you can execute the **Durable Power of Attorney and Indemnity form** that is located in the **Forms** section of the Program's website at www.abaretirement.com.

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KNOW THE TAX IMPLICATIONS

Even if you have a will and estate plan in place, consult regularly with your tax professional and financial professional, as federal and state inheritance and estate taxes can change and therefore alter the eventual value or succession of your assets.

8



DISCUSS EVERYTHING BEFOREHAND

You might consider funeral planning to ensure that your services are conducted in accordance with your wishes and in order to spare your family from making these decisions in the immediate period after your death. **Avoid surprises:** if you're leaving one child with his or her Grandmother's treasured china instead of another, make both children aware of this decision in order to defuse hurt feelings. Make sure your spouse or partner is aware of your decisions and the location of the documents that spell them out—including any online accounts and passwords.

Contact Us!

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E-mail us at contactus@abaretirement.com

Call the Customer Contact Center at **800.348.2272**. Customer Service Associates are available Monday through Friday, 8 a.m. – 8 p.m. ET.

Write to us at ABA Retirement Funds Program • P.O. Box 5142 • Boston, MA • 02206-5142

Please read the Program Annual Disclosure Document (April 2017) carefully before investing. This Disclosure Document contains important information about the Program and investment options. For email inquiries, use: contactus@abaretirement.com.

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