

Four Estate-Planning Documents Everyone Should Have

Plans Aren't Just About Inheritances and Tax Shelters

By

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There's no time like the present to make sure all your estate-planning ducks are in a row.

For many people, the words "estate planning" may conjure up thoughts of large inheritances and tax shelters. But planning "isn't just about death and taxes; it's also about what happens if you get very sick and live," says G. Mark Shalloway, a West Palm Beach, Fla., attorney who specializes in elder law.

Here's are the four estate-planning documents everyone needs:

1 A will.

Many people think they don't need a will. But sitting down with a lawyer and completing a will is the best way to ensure your wishes will be fulfilled—and to avoid leaving anything up to the courts.

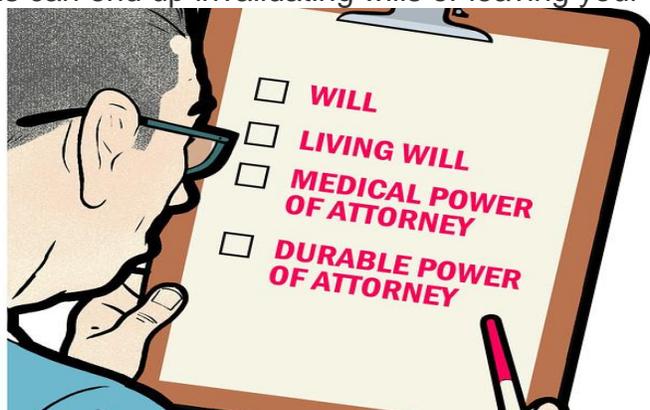
"It's often best to do a very simple will directing where things go," says Philip Bouklas, an attorney in New York. That's especially the case if there are multiple children where it's critical to name guardians for minors, he says.

An important part of the will is naming the executor who is in charge of managing an estate, including paying bills. While you don't need to tell anyone what is in your will, it's important to let your designated executor know he or she has been chosen to do that job, and it might be a good idea to inform other family members, too.

Mr. Bouklas also suggests having discussions with family members about how personal effects or family heirlooms are handled.

"You can't just stick your head in the sand and say 'they'll figure it out,' " he says.

There may be a temptation to do a will on the cheap, using online resources. Tread warily. Small details can end up invalidating wills or leaving your wishes unfulfilled.



2 Durable power of attorney.

A power of attorney can give someone else the authority to act as your "agent" and make legal and financial decisions should you become incapacitated.

Don't take this decision lightly. Unlike an executor, this could be a continuing role. "People don't give enough thought to whom they are giving power of attorney," says Michael Kirtland, a Colorado Springs, Colo., estate-planning and elder-law attorney.

Mr. Shalloway says it's important to consider that this person will be managing your finances. "You may have someone who is devoted to you, but doesn't have the skill sets for managing money," he says.

Finally, always name a backup. Many people will name their spouse, says Mr. Kirtland. "But what happens if both are injured in a car wreck or both develop signs of dementia?"

3 Medical power of attorney.

This document—also known as a health-care proxy—enables any adult you designate to make medical decisions on your behalf should you be unable to make them yourself.

"Pick the person who you think is going to stay calm in a crisis," says Mr. Kirtland. "Mom was in an auto accident...and that person is being asked to make medical decisions under the stress of 'Mom is dying.' "

4 A living will.

A living will—sometimes known as an advanced health-care directive—specifies in writing your wishes for end-of-life care. That includes such things as whether you want to be resuscitated if your breathing or heartbeat stops, or whether you want to be kept alive through artificial respiration or feeding.

When it comes both to the medical power of attorney and living will, sit down and have a conversation with loved ones about your wishes. It may not be easy, but will help later in what will be a difficult time for your family.

Lastly, make things easier for everyone by keeping your important documents, financial records and even information about doctors and medication updated and in one place. (Just not in a safe-deposit box, which will require a power of attorney to access.)

Mr. Bouklas says he has clients who once a year or so provide him with an updated list of their bank and investment accounts, and any other important information, which he then holds in their file.

"It helps keep things a lot more orderly," he says.