



## Summer Gatherings and Estate Planning Considerations

Kathleen Longo

Summer is a great time to connect with friends and family. It presents so many wonderful opportunities to share a meal, attend family gatherings or simply relax with friends that sometimes it seems like the season can just fly right by. One idea to capitalize on these important moments of personal connection is to have a conversation about estate planning.

Although estate planning might not sound like your top priority for these get-togethers, they can be the perfect opportunity to ask others to play key roles in your estate plan, as well as to share some of your current estate-planning goals. As you make your summer plans, here are some important estate-planning elements to consider.

**Don't procrastinate on your estate plan.** In my experience, procrastination is the biggest mistake I see people make when it comes to estate planning. Many times I see individuals put off creating an estate plan because they're thinking too hard about the perfect person to settle their estate or serve as a guardian for their children. They start to worry about what might happen down the road to the individuals they choose.

In such instances, I recommend they make a plan based on what they know now, with the understanding that the plan should be reviewed every few years. Invariably, there will be many changes over time. For example, the perfect guardians now may undergo a life event that makes them unable to be guardians for your kids in the future.

**Update the beneficiaries on retirement accounts and life insurance policies so that they are in agreement with your will or trust.** I have seen new clients come into the planning process happy to report that their wills were recently completed. Then, as we discuss beneficiary designations, we discover that their beneficiary forms show a different plan for asset distribution than what was written into their wills.

The secondary beneficiary on a couple's retirement accounts could show their kids receiving assets directly instead of those assets going into the trust set up in their wills to keep the assets from the kids until they are older. Even worse, it could show an ex-spouse as the designated beneficiary. Assets such as life insurance and retirement accounts pass on according to the beneficiary designation, regardless of what is stated in the holder's will. It is important to review these designations periodically.

**Plan for disability or incapacity.** Many times people make a plan for death, but not for disability or incapacity. It is important to complete a Power of Attorney (which allows someone else to take over the financial decision-making process) and a Health Care Directive (which allows someone else to make health-care decisions should you become incapacitated and unable to make these choices on your own behalf).

**Consider your children's individual strengths when selecting personal representatives, trustees or agents to act on health-care and personal property decisions.** I have seen many individuals choose their eldest child, or the one that steps forward first, instead of the one who would be most qualified for the job. Consider whether or not the kids should act together or alone. Logistics, such as proximity, should be considered in addition to ability. For example, someone who is organized and good with finances would likely make a good personal representative or agent for financial decisions.

**Consider the planning you need in cases of a second marriage or for kids from a prior marriage.** Because so many people have second marriages (or more) these days, it is important to consider your ultimate estate wishes, especially in the context of remarriage. If the goal is to make sure that assets ultimately pass to children from a first marriage, consider trust options that protect these assets for them. This doesn't mean the second spouse needs to be completely written out of the estate plan, but if assets pass directly to the second spouse, they may not come back to kids from the first marriage without proper planning.

**Plan for the distribution of your personal property.** Personal property, such as family jewelry, china or heirlooms, can be a huge source of family conflict. To avoid disputes, include in your plan how these items should be divided amongst children. It can be surprising what leads to tension, because the item in question may not be costly but hold sentimental value. I suggest that clients talk to kids ahead of time to gauge their interest on items meaningful to them, and then complete a written property distribution list as part of their estate plan. This is simply a signed, written document listing the items and who receives each one. It can be updated at any time.

**Communicate your estate planning wishes and the state of your current financial assets.** It is important to get people involved early so they are able to easily step in when needed, especially children. There comes a time when having a child involved in your financial planning is important, because financial decisions and day-to-day money management can be complicated, particularly with diminished cognitive ability.

Summer is a wonderful time. People embrace the great weather to make long-term memories. The time you spend planning well-deserved rest and relaxation can also include conversations about your estate plan. It's a great opportunity to enjoy the moment while also providing a strong foundation for your long-term needs.

## About Kathleen Longo, President & Founder, Flourish Wealth Management, Minneapolis, MN

Kathy Longo brings over 20 years of expertise and experience to Flourish Wealth Management. After earning a degree in Financial Planning and Counseling from Purdue University, she began her career at a small firm in Palatine, Illinois where she worked directly with clients while learning to build a viable, client-centric business. Over the years, she gained extensive knowledge and wisdom working as a wealth manager, financial planner, firm manager and business owner at notable, various sized companies in both Chicago and Minneapolis.

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