

Estate Planning, The Important New Year's Resolution to Make



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The past year has provided much downtime, allowing us to prioritize the important things in life. If this year has been anything, it's unpredictable. **Estate plans are the best way to plan for the unexpected.** We encourage our clients to think about their legacy, whether that means charitable giving aspirations, providing wealth for future generations, converting to 100% ESG investments, or all the above. **Having an estate plan will help you further define your legacy and relieve stress for you and your family.**

Estate Plans are not exclusively for those of retirement age. Your estate includes everything you own, which is why it's important to plan what happens to it. If you have children, especially minors, start thinking about their designated guardians, your life insurance policy, and document wishes for your children's care. If appropriate, look to establish a living trust. This will allow you to easily adjust your estate plan along the way.

The unpredictable nature of COVID- 19 has highlighted the importance of establishing a healthcare proxy and durable power of attorney. A healthcare proxy will serve as the medical power of attorney to make healthcare decisions if you are incapable. Similarly, a durable power of attorney is responsible for financial decisions if you are incapacitated or incapable. Those unwilling to grant full authority to another individual should consider a limited power of attorney.

While taxes are important to consider at any stage, they become increasingly important as you approach retirement age. Evaluate the tax consequences for your beneficiaries when designating which assets to transfer. Minimizing estate tax, gift tax, income tax, and other taxes are the best way to optimize the inheritance. Some states impose inheritance and estate taxes, so determine if this applies to your estate plan.

If you haven't already, talk to your beneficiaries about their inheritance and what to expect. This can be a difficult topic to approach, but it's important for beneficiaries to understand the financial responsibility they may inherit. It will allow them to plan their financial future and ultimately prolong your legacy.

As we head into a new year, think about what your estate plan means to you. Pathstone is here to help along the way.

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