

## Essential Estate Planning - Article

The baby-boomer generation is just waking up to the undeniable fact that the show won't go on forever. We've lost our parents and maybe a sibling. Our friends are all facing the same uncomfortable reality. We don't really like to talk about it. But as we have learned, those things that eat at you are better dealt with now so you can get some relief. A few basic facts about estate planning will help you take care of a responsibility that you owe to yourself and your family.

We all know that a Last Will and Testament is the basic vehicle to pass your assets to your surviving family. If you are part of a "blended family" (his kids, her kids and both of your kids) then it gets a bit more complicated yet it can be controlled with the right trust documents. If you have very young children, you might use a Will with a Testamentary Trust to provide for the care of the child and for the management of their estate until a certain age. And if you have a "special" child, there is a Special Needs Trust that can take care of him or her for life and not violate aid that is being received.

One of the biggest misconception people have is about "community property" in Washington. Yes, if you are married the property you acquire is community property. However, you need to have a Community Property Agreement in order to avoid the need for a probate to effectuate the community nature of jointly owned property. It is an inexpensive and essential tool. And of course, if you received a significant inheritance or property from a prior relationship, you will want to have what has been affectionately called a Post or Pre-Nuptial Agreement that clearly states the status of property.

Overall, the purpose of estate planning is to let your heirs know what you want them to do because you won't be there to tell them yourself. This can be a very sensitive time for your survivors and the slightest misconception can start a chain reaction of conflict. Even things like your memorial service or disposal of remains can be directed. What we don't want to see is one child saying, "Oh, I remember what dad said he wanted", and another say, "Oh no. That's not what he told me." Then we are off to a very expensive battle that can by itself dissipate your entire estate and ruin your legacy. We have all heard the stories.

Remember, also, that how you designate your beneficiary in investments or of bank accounts will take effect regardless of what you put in your Will. It is a useful tool that can be easily changed without having to see a lawyer. You

can also put a list together that directs who is to get that special heirloom or item that you know they would like to get.

On the positive note, all of this can be directed by the right use of estate planning documents. It is worth the investment now to take care of what could later become a very big problem. Some have said, "Well, I won't be there to have to deal with it." And that is true, but that is also irresponsible and will create animosity between your heirs. Take care of it now.

The use of the right Power of Attorney is a very important tool, especially if you are getting older. Let your family help you. Similarly the "Living Will" (more properly called the Directive to Physicians) along with a Medical Power of Attorney can help with an emergency situation. I also advise people to carry a card in their wallet with a brief recitation of who to contact and where documents are in case of the disaster. And remember not to make the mistake of putting your estate documents into a bank safety deposit box without giving access to your executor and an alternate. The bank won't open it without an authorized person or a Court Order.

This is not the easiest of topics to get people to face. I like to use phrases like "When you kick the bucket" or how to deal with "the black sheep of the family". We can do this and not get somber about it but you will have to get serious. However, I see the weight lift off of my clients' shoulders when we get this done.

There is one further issue that I call the "Great American Myth". We all think that we are going to work hard, pay off the home, and accumulate some wealth to pass on to our children. Think again. Unless you have longterm care insurance or use some very good planning tools, you may sacrifice your wealth to the last few years of your life in a long term care facility. At \$6,000 per month is all goes away pretty fast and Medicaid will take the assets to reimburse the State for your care expenses.

I came to Bellingham four years ago from the small town of Twisp, WA, just over the North Cascades Highway. I love it here. The people are very friendly and there is something to be said for living in paradise. Give me a call (360) 393-9506 or come by and see me at the bottom of Cornwall in the old Mill Office.