

## THE BIRMINGHAM NEWS

### Financial Insights

#### *“Estate Planning is for Everyone”*

I’m often asked, “Do I need estate planning if I don’t have a lot of money?” The answer is yes. Estate planning is definitely not only for the wealthy. There are a number of documents and basic planning that everyone should consider:

**Advance Health Care Directive.** In cases where you can’t speak for yourself because of incapacity, an "Advance Health Care Directive" allows you to designate someone to be your voice regarding critical healthcare decisions. This document also lets you specify the level of care you want when death is imminent. Such decisions include your desire for life sustaining treatment including feeding tube, hydration, life-support equipment, and ultimately, organ donation. Failing to document your wishes places your family in the unenviable position of ‘guessing’ what is best for you.

**Durable Power of Attorney.** The Durable Power of Attorney gives legal authority to another person called an Agent or Attorney-in-Fact to make financial and legal decisions on your behalf should you be unable to do so because of your incapacity as a result of illness or accident. Without this document, should you become incapacitated, someone will have to hire an attorney, go to court, and get a limited power of attorney—which can be an expensive and time-consuming process.

**Basic will.** If you have accumulated any assets, you should consider having an attorney draft a simple will directing who will receive your assets when you die. If you don’t have a will, the laws of your state of residence, called intestate laws, determines who will receive your property. If you have minor children, you’ll want to designate a guardian for them in your will should you and your spouse die unexpectedly. Without a guardian election, the courts must decide who will have custody of your children.

**Basic trust.** If you have minor children, you’ll want to make sure that you have adequate life insurance to provide for their financial support including college tuition. Once you have your life insurance in place, you’ll need to consider setting up a trust through your will. A trustee is someone charged with managing money for your child so choose someone who is good at handling money or choose an institutional trustee such as a bank.

**Review Beneficiary Designations.** Not all assets pass through your will. In fact many, if not most, of your assets are likely to pass “by contract”. This includes life insurance policies, retirement accounts including 401(k)s, IRAs or pensions, and jointly titled property such as your home. You’ll want to make certain that these assets that will pass outside of your will are going to whom you wish as well as in the form you wish, whether it be outright or in a trust.

These are just a few areas of estate planning that most everyone should consider implementing now. To help you think through these important decisions, contact your

attorney or financial advisor. Go to the Resource Center at [www.welchgroup.com](http://www.welchgroup.com) for more information about Advance Healthcare Directives (see Living Wills), Life Insurance Needs Estimator, free Life Insurance Quotes, College Costs Estimator and State by State Intestate Laws.

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