

# Tips for the Wise:

Advice from Four Experts  
on Financial Planning

---

## Starting Points to Getting Your Estate in Order

by David J. Boczar

---

**T**he best estate planning begins early and is usually initiated or adjusted by major transitions in life – a new marriage or one that is breaking up, a baby on the way, or a major career change or inheritance that materially increases an individual's or a family's wealth.

It is important to coordinate financial planning with estate planning because what you do with your money today will have a direct impact on the estate your heirs will receive years from now. It all starts with basic spending and planning goals. Here's a general road map to that process:

Start with a trained financial planner. Whether you plan to stay sin-

gle, marry, remarry or move in with a new partner, it's good to get a baseline look at your finances as early as possible before estate planning begins. A trained financial planning professional can help you review your current spending and savings needs, compare strategies designed to achieve long-term goals such as college or retirement, and provide you with critical tools to protect your assets and loved ones in the event you suddenly die or face catastrophic illness.

Talk with a trained estate attorney about wills and other critical documents. While there are many low-priced software programs and solutions available to draft basic wills, powers of attorney and certain simple trust

agreements, there is also the potential for greater costs in the long run if you choose the wrong package or fail to follow all instructions to the letter. It makes sense to coordinate your financial planner's activities with an estate attorney who can tailor an overall estate plan specific to your needs. Even if you are very young with few assets, it is practical to get some solid advice in this area so you will be able to manage and adapt such planning as you age and your finances get more complex. It's usually a good idea to revisit your estate plan every five years or whenever you have a major life change.

Make a guardianship game plan for your children. It's not enough to plan how money and assets will go to your children if you or your spouse die suddenly or are incapacitated. If your children are minors, it's particularly important to make sure you and your spouse have a guardianship plan for their upbringing as well as any assets they may

inherit. You should give your chosen guardians a road map on how to handle the assets you leave behind. You should also ask your proposed guardians before you name them, so you still have the chance to choose someone else if they are unable or unwilling to carry out that responsibility. If there are any trust or wealth issues that will become effective for your children once they reach adulthood, it's important to establish an efficient legal structure, such as a trust created under your will for distributing those assets. A trust under your will also name a trustee who can train and guide your children through this financial transition.

Plan for children who have special needs. If one of your children is disabled and expected to require lifetime assistance of some type, you should consult a qualified attorney to help create a special needs trust. This will help protect your child from having to give up any public or social financial assistance as well as access to special doctors, medical help, specific prescriptions or treatments that could be taken away if they were to personally inherit assets that would disqualify them from these programs. When such assets are held in a properly designed special needs trust, they are not counted as the child's assets. The advantage is that those trust assets may still be used to support their housing or other personal living needs.

Plan for multigenerational issues. For individuals and couples with elderly parents and/or young children starting out on their own, it might be smart to do a multi-generational estate checkup at the same time. Why? Because in families with significant assets or other press-

## GET SOLID INSURANCE PROTECTION IN PLACE. IF YOU ARE MARRIED OR ARE SINGLE WITH A CHILD TO CARE FOR, YOU SHOULD CONSIDER PURCHASING ADEQUATE INSURANCE THAT WILL COVER ANY EVENTUALITY. IN ADDITION TO LIFE INSURANCE BENEFITING YOUR FAMILY, YOU AND YOUR FAMILY WILL ALSO BENEFIT FROM ADEQUATE AND PROPER HEALTH, PROPERTY/CASUALTY AND DISABILITY INSURANCE.

ing financial issues involving businesses or dependents, each generation's wishes for the dispersal of shared or personal assets should be documented legally and shared with all the relevant parties. In some families, this may mean the future of a multigenerational family business, perhaps one of the most complex estate issues any family will face. For other families with more straight-forward assets such as cash, property and other investments, similar problems can occur when all the parties aren't on the same page about who will get what, how and when they will get it, and who is in charge during the process.

Activate trusts and other estate transfer mechanisms. It is surprising how often estate attorneys and advisors fail to get their clients to actually title assets in the name of living trusts and other mechanisms to transfer wealth. It's not enough to set these mechanisms up – get step-by-step instruction on what needs to be done to make them effective.

Make sure your health and financial representatives know your wishes. Often, people tell a close friend or relative that he has been given power of attorney over health and financial decisions, but fail to share their wishes or show him what their legal documents specifically instruct him to do. Both sides should go over this information as soon as the person agrees to be the other's representative.

Get solid insurance protection in place. If you are married or are single with a child to care for, you should consider purchasing adequate insurance that will cover any eventuality. In addition to life insurance benefiting your family, you and your family will also benefit from adequate and proper health, property/casualty and disability insurance. If you're newly single, you certainly need the best health coverage you can afford for yourself and your kids. However, life, property, liability and disability insurance become doubly important, particularly if you failed to address those needs during the divorce. Even if your spouse is cooperative with financial support, it's wise to insure your-

---

*David J. Boczar, CFP®, CFA, founder of Emerald Wealth Advisors, is a local member of the Financial Planning Association, with an independent financial planning practice affiliated with Westport Resources Management. This column is produced in conjunction with the FPA, the membership organization for the financial planning community.*

---

*Emerald Wealth Advisors, 315 Post Road West, Westport, CT 06880 [www.emeraldwealthadvisors.com](http://www.emeraldwealthadvisors.com), Tel. (203) 226-0222/(800) 935-0222*