



Five estate planning documents everyone needs

Estate planning may not be something we want to think about. But preparing for the end of life can bring us peace of mind, and make things a lot easier for our loved ones. If you haven't started yet, here are five essential documents to create now and update every three to five years.

USED IF YOU ARE LIVING, BUT INCAPACITATED

- **Durable Power of Attorney for Finances**
- **Durable Power of Attorney for Health Care**
- **Health Care Directive (Living Will)**

USED AFTER YOU DIE

- **Will**
- **Burial Instructions**

The first three documents provide guidance for your family or other designees while you are still living, but no longer capable of making decisions about your health care and finances.

A **Durable Power Attorney for Finances** allows you to appoint a representative who will access your financial accounts, pay bills, and manage your money. Your spouse may still control things like joint bank accounts, but some situations are not addressed by marriage. For example, your retirement account manager will not discuss that account with someone who lacks power of attorney. If you have children under 18, you can also designate someone to act as their guardian.

A **Durable Power of Attorney for Health Care** enables your representative to access your medical records and make important decisions about your treatment, including hospice care. This is important not just for older individuals—anyone over age 18 should have one. Recent laws like the U.S. Health Insurance Portability and Accountability Act (HIPAA) include privacy protections that limit what doctors can disclose to family members, including parents of adult children.

KIDS IN COLLEGE?

Did you know the school can't legally share their health records, without a Power of Attorney for Health Care?

Five estate planning documents everyone needs (cont.)

A **Health Care Directive**, or “living will”, allows you to determine which types of treatment you will receive should you become terminally ill and incapable of communicating your wishes. You can decide whether to receive artificial hydration or nutrition that will prolong your life. You may still receive pain relief medication if you choose to forgo life-prolonging treatments. This document gives you more control over your final days and can spare your family some difficult decisions.

The remaining two documents allow you to provide instructions following your death. Many people find it comforting to make these preparations for the handling of their assets, their personal effects and their body.

By some estimates, more than 50 percent of Americans don't prepare a Will before their death. In that case, which is called “dying intestate”, state law will govern the distribution of your assets, but you may not be happy with the results. It's better to plan ahead.

A **will** allows you to name an executor, who carries out your wishes. This is a big job, and it's important to choose your executor carefully. He or she should be organized and trustworthy, and have the time needed to handle the job. Your child or other family member may be a viable choice, but a grieving family member may not be up to the task. Some people prefer to name an experienced private fiduciary.

If you have children, your will should identify a guardian for minors and outline a trust or custodial account to govern their inheritance. Many parents prefer to disburse their assets to children in stages—at age 25, 30 and 35, for example.

Finally, your **Burial Instructions** can be a huge gift to family members, who may not be comfortable deciding what to do with your body in the days following your death. Most times, people will be relieved to have a plan to follow, whether it's burial in a family plot, cremation or another choice.

It's important to note that many of the documents we've covered are written in accordance with the laws of your home state. If you move out of state, you might need to update or re-write those documents. And remember, it's a good idea to review them every three to five years in any case.

Estate planning is as important as the steps you take to achieve your other financial objectives. Your Paracle team can help you start thinking about the process or refer you to an estate planning attorney to answer any detailed questions.

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DON'T HAVE A WILL?

In that case, state law will govern the distribution of your assets. Will you like the results?

WHO NEEDS ESTATE PLANNING DOCUMENTS?

Yourself

Your parents

Your children
over age 18

