

Estate Planning Checklist: A Step-by-Step Guide

Estate planning puts you in control of your affairs both now and in the event of incapacity or death. It gives you peace of mind knowing your estate will be managed as per your wishes and your children's interests will be protected in your absence. Besides planning for incapacity and death, drafting an estate plan also allows you to minimize estate and gift taxes as well as avoid inheritance disputes and stretched-out probate procedures all while keeping your requests private and your assets protected.

If you're in the process of planning your estate or would like to review an existing plan, continue reading for inspiration on what to include in your checklist.

ESTATE PLANNING STEP-BY-STEP CHECKLIST

[Estate planning](#) involves several steps, including drafting important documents and creating directives, which you can easily accomplish with the guidance of a financial advisor. The following is a comprehensive checklist of the steps involved.

✓ 1. Make a List of Your Assets and Liabilities

Start by taking an inventory of your assets (physical, financial, and digital) and liabilities to have a clear picture of what constitutes your estate. Assets may include real property, cars, jewelry, collectibles, personal possessions, savings accounts, life insurance, retirement accounts, businesses, bonds, stocks, etc. Similarly, list liabilities like credit cards, mortgages, lines of credit, auto loans, and other debts you owe.

✓ 2. Set Up a Trust

Consider setting up and transferring some of your assets into a trust. A [trust](#) holds the assets under the management of a trustee, who can be a third party or even yourself, depending on the type of trust. There are many benefits of creating a trust, including tax incentives, asset protection, privacy, and ease of succession (as the property can be transferred directly to beneficiaries without



Estate planning puts you in control...

going through probate). Assets that go through [probate](#) may take months to years to settle before your beneficiaries are able to enjoy your assets and probate court is different for everyone. In addition, probate is a public process that may not provide your spouse or your heirs with the desired privacy they are seeking. The state you live in and family dynamic can also play a role in how quickly, or not, a will goes through probate.

A trust can be living or testamentary. A living trust is one that you set while alive allowing you to avoid probate, while a testamentary trust is established by the terms of the will and becomes effective after your death. One of the downsides of a [testamentary trust](#) is that unlike living trusts, testamentary trusts do not avoid probate and become a public record. These types of trusts may not provide you with the same level of privacy protection as a living trust. Living trusts can be revocable or irrevocable. With a revocable trust, you retain the right to change the terms of the trust, including terminating it, while an irrevocable trust cannot be revoked once established.

Lastly, a trust [must be funded](#), meaning your assets are in the trust, to avoid probate and work effectively.

✓ 3. Draft a Will

A will is an important document in estate planning that should feature on your checklist. It allows you to detail your assets and name the beneficiaries/recipients upon your death. If you have

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minor children, you can nominate a guardian (someone you trust) through the will and make directives on how you would wish them to be brought up. You should also appoint an executor (a person to administer your estate upon your death). Once you die, the executor files the will with the probate court for administration approval. Keep in mind that creating a will is a very important part of the estate planning process, but it does not avoid probate or keep your wishes private like a living trust.

✓ 4. Prepare for Potential Incapacity

As mentioned, estate planning allows you to prepare for potential incapacity. There are several documents and directives to enable you to achieve this. These include:

- **Power of attorney (POA):** A power of attorney appoints someone to manage your legal and financial affairs in the event of incapacitation.
- **Advance health care directives:** These are documents that direct how your future medical decisions should be handled, such as:
 - **A living will:** Outlines your wishes on future medical decisions such as end-of-life care.
 - **Healthcare proxy:** This is a healthcare power of attorney that appoints a person to make medical decisions on your behalf in the event you're unable to.
 - **HIPAA authorization:** The Health Insurance Portability and Accountability Act (HIPAA) protects patients' medical records from being shared with third parties unless under your authorization. A HIPAA release expresses your consent to have a designated individual access your medical records for necessary healthcare decision-making should you become incapacitated.

Please note: The above mentioned, POA, Healthcare proxy and HIPAA authorization documents are not just important for you and your spouse to create. They are also very [important for your adult children to consider](#) creating as well. If your adult child has not created these documents, you may find that you have limited ability to act on your child's behalf in the event of medical emergency.

✓ 5. Designate Beneficiaries

Make a list of beneficiaries who should inherit your property. These may be your dependents, other family members, and even institutions such as charitable organizations.

✓ 6. Review Transfer on Death Account (TOD) Designation

Savings accounts, life insurance policies, CD accounts, etc., require naming beneficiaries when setting up. Review the accounts and ensure transfer on death designation properly reflects your choice beneficiaries.

✓ 7. Create a Guiding List of Your Executor

Prepare a list with clear instructions to the executor on how to locate your assets and all the necessary documents, including logins and passwords of your digital assets, for smooth handling of your affairs.

✓ 8. Notarize and sign estate planning documents

Most estate planning documents require signatures and to be witnessed and notarized. Failing to sign your estate documents can cause them to be invalid. Under the traditional statute of wills on which most state laws are based, [a will must be signed](#) by the testator in the presence of two witnesses to be valid. The signing ceremony provides some assurance that the will represents the testator's actual plan for devising property to survivors.

✓ 9. Review Your Estate Plan Regularly

Finally, remember to review your estate plan regularly and make necessary adjustments as necessary. This should be once yearly or whenever there's a major life event such as the birth of a child, death of a beneficiary, change of marital status (marriage, divorce), etc.

TALK TO A FINANCIAL ADVISOR

If you're in the process of estate planning, we hope this checklist has equipped you with the basic information to get you started right. For more information and tips on the topic, check out our [estate planning resource](#).

Meanwhile, if you need a financial advisor to guide you through the process, explore our [estate planning services](#) and [let us help you](#) create a personalized and comprehensive estate plan.

At Cary Street Partners, we provide a range of wealth management services, including financial and estate planning, retirement services, and asset management, among others. If you're looking for a financial advisor to guide you, talk to us by filling out our [contact form](#).

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Paige W. Garrigan

Chief Marketing & Transitions Officer, Managing Director

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