

The Importance of Estate Planning in Ever-Changing Times

This is a series in which Rochester Rotary explains the importance of having your estate documents completed and regularly reviewed, especially in the changeable environment in which we live. Part I outlined why estate plans are important for everyone. Part II provides the specific elements of a good estate plan.

If you would like to learn more about transferring assets in ways that can benefit the Sunshine Camp, please contact Heather Rossi, Development Director, at heather@rochesterrotary.org.

Part II: What is an estate plan?

Estate plans are more than just a will. There are four key components of a plan:

1. **The Will** – directs how your assets and your family will move forward after you die, and who is in charge of making this happen (the executor). A will names beneficiaries who will receive assets, including organizations you wish to support. Your will outlines whether beneficiaries are to receive percentages of assets, specific assets, or specific dollar amounts. Wills are the foundation of estate planning documents, and outline what happens when you die.
2. **Power of Attorney** – BEFORE you die, your power of attorney directs who makes financial decisions on your behalf if you're unable to. There is usually a primary and secondary agent named, which requires that you speak with these individuals and obtain agreement on their roles. You can specify exactly the extent/limit of your agent(s) authority.
3. **Healthcare Proxy**– in the event you are critically ill, your Healthcare Proxy appoints an agent who understands what you'd want to do in a serious health crisis. If you have cultural or religious beliefs that impact how healthcare is delivered, your agent ensures that your wishes with regard to medical treatments are followed. It is usually advisable that you name this individual before you become ill (don't depend on the form the hospital hands the person who drove you to the ER!) . This individual may be the same person or someone other than your named agent under the Power of Attorney.
4. **Living Will** – similar to the understanding you have with your Healthcare Proxy, a living will establishes your wishes with regard to life-saving treatments and end-of-life care. This relieves your family and friends from the responsibility to make these often heart-wrenching decisions in a crisis, and also directs doctors and hospitals on how extensive their efforts to maintain life should be. This can also have the benefit of protecting your assets from years-long medical expenses. If your named agent in your Health Care Proxy cannot be located or is unable to make a decision (i.e. due to an incapacity), another family member could present your living will to your doctor.

An unwritten, and very important fifth component is intention and communication. A plan is documented, shared, understood and embraced by all parties. It's not a plan if no one knows what you've decided, and it is a badly executed plan if people won't do what you want done.

Choose your agents for financial decisions and your agents for health care decisions wisely.

In Part III, we will talk about the changeable environment and why it makes estate planning more important than ever.

This series is not intended to be tax, legal or investment advice and is provided for general educational purposes only. You should consult with your tax and legal advisor regarding your individual situation.

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