

FINANCIAL FOUNDATIONS

Building Blocks toward Financial Freedom

JACOBS FINANCIAL MANAGEMENT, LLC



BUT, I DON'T NEED ESTATE PLANNING ... DO I?

Why estate planning is so important, and not just for the rich.

Do you have an estate? It doesn't matter how limited (or unlimited) your means may be, and it doesn't matter if you own a mansion or a motor home. Rich or poor, when you die, you leave behind an estate. For some, this can mean real property, cash, an investment portfolio and more. For others, it could be as straightforward as the \$10 bill in their wallet and the clothes on their back. Either way, what you leave behind when you die is considered to be your "estate".

If the estate is small, should you still plan? Well, even if you're just leaving behind the \$10 bill in your wallet, who will inherit it? Do you have a spouse? Children? Is it theirs? Should it go to just one of them, or be split between them? If you don't decide, you could potentially be leaving behind a legacy of legal headaches to your survivors. This, quite simply, is what estate planning is all about - deciding how what you have now (money and assets) will be distributed after your lifetime.

Do you HAVE to create an estate plan? While it is absolutely possible to die without planning your estate, I wouldn't say it is advisable. If you die without an estate plan, your family could face major legal issues and (possibly) bitter disputes. So in my opinion, everyone should do some form of estate planning. Your estate plan could include wills and trusts, life insurance, disability insurance, a living will, a pre- or post-nuptial agreement, long-term care insurance, power of attorney and more.

Why not just a will? Did you know that your heirs could encounter legal hassles ... even if you have a will? Basically, a will tells the world what you'd like to have happen, but proper estate planning is what provides the tools to make those things happen. While your will may state who your beneficiaries are, those beneficiaries may still have to seek a court order to have assets transfer from your name to theirs, and in such a case, those assets won't lawfully belong to them until the court procedure (known as probate) concludes. Estate planning can include items like properly prepared and funded trusts, which could help your heirs to avoid probate.

Where do you begin? I would advise you to speak with a qualified legal or financial professional - one with experience in estate planning. A financial advisor can refer you to a good estate planning attorney and a qualified tax professional, and lead a team effort to assist you in drafting your legal documents.

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