

## Basic Components of an Estate Plan

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What exactly is an estate plan? Webster defines “estate” as all of the things that a person owns and “plan” as something that a person intends to do. Accordingly, your estate plan sets forth your intentional decisions about the ultimate disposition of your property.

The process of establishing your estate plan involves three primary components: (1) the execution of certain legal documents, (2) the coordination of asset titling, and (3) updating beneficiary designations. Typically, the following documents are prepared and executed as part of each person’s basic estate plan: a Last Will and Testament, a Trust Agreement, a Financial Power of Attorney, and an Advance Directive.

Together, your Will and Trust control the disposition of your assets; these documents set forth who is to receive your property, as well as how and when they’ll receive it. If your children are minors, your Will also appoints guardians for them. Your Financial Power of Attorney and Advance Directive grant an agent the authority to make financial and health care-related decisions for you if you are incapacitated.

Once you execute your legal documents, it is equally as important to title your assets and complete your beneficiary designations in a way that does not override the provisions in your Will and Trust.

Assets may be titled in your individual name, in the name of your Trust, or jointly with another person. In order to fully carry out your intentions regarding the disposition of your assets

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following death, it is critical that the titling of your assets be coordinated with your estate plan documents. Titling arrangements can also have significant income and estate tax consequences, and if properly structured, help you avoid probate.

Beneficiary designations for assets such as life insurance and retirement accounts control who receives the asset upon your death despite the provisions of your Will and Trust, so updates are necessary to assure coordination. Beneficiary designations can also have significant tax consequences.

To achieve your goals, your estate plan must be comprehensive and should be coordinated between several advisors, including your lawyer, your accountant, and your investment advisor. You have a lot to consider, but as with most things in life, having a plan feels good.

*To view this article in the original publication please visit: <http://edgemagazine.com/the-write-plan-7/>*