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4 Tips to Begin the Estate-Planning Process

By: Kathryn Buschman Vasel
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Nov. 22, 2013 - With the responsibility for saving for retirement shifting to workers as companies and the government abandon pension plans, experts say estate planning is crucial step in creating a secure financial future.

"You can either plan accordingly in an efficient and organized manner or just let things happen," says Ben Barzideh, wealth advisor at wealth management firm Piershale Financial Group, in Crystal Lake, Ill. "When you don't plan for the transfer of your estate to one generation to the next, you can end up losing more money to taxes than you had to."

Not having a clear estate plan can not only be costly to your beneficiaries, it can also create unnecessary heartache, warns trusts and estates attorney Avi Kestenbaum. Estate planning used to only be an obligation of the wealthy, but that's no longer the case.

"Anyone who has a penny to his or her name, children, or might even be coming into money in the future, needs to have the basic estate planning documents," Kestenbaum says.

Kestenbaum adds that in the past, estate planning was all about minimizing taxes, and while that still plays a role it also now includes "elder law planning."

"People are living longer and you need to make sure your money will last; it's about making your IRA stretch as long as possible to cover your basic needs, cover long-term health-care costs and make sure the people you want to inherit your assets will."

FEATURING

Avi Z. Kestenbuam
Equity Partner
Co-Chair Trusts & Estates

Here are four tips on what you need to know and how to get started with creating your own estate plan.

Have an Open Mind. According to Kestenbaum, many people think estate planning is a morbid and complicated topic. "It's more about living than dying, it can be a pleasant process, but often people over think it and overcomplicate it. After all, we all know who we love and want to take care of."

He adds that most clients express concern about losing control of their finances during the first planning meeting — but he says estate planning leads to exactly the opposite. "There are vehicles in estate planning that allow clients to dictate what they want with their assets without fear they are just giving up everything and will have to beg their children for money."

Identify Your Assets. You can't start planning until you have a clear idea of what you have to pass down, so Kestenbaum suggests taking a thorough inventory of your assets, which can include investments, real estate and business interests, insurance policies, annuities and retirement savings.

"Be prepared to know the cash value and ownership of all your assets along with the contact information for the beneficiary," he says.

Name POAs. People of all income levels need an estate plan to make sure all their wishes are carried out.

Kestenbaum says every plan should include an assignment of a durable power of attorney and a health-care proxy if you become unable to make decisions. You can also name a guardian to take responsibility for your children if necessary.

Re-evaluate Often. Be sure to revisit your estate plan periodically, particularly after major life events like having a child or getting divorced to make sure the named beneficiaries are accurate.

"People are often careless with updating their beneficiaries on major assets like their life insurance policy or IRA," says Barzideh. "We see it all the time, people leave their ex-spouse's name on a policy and never changed it — even if they re-marry — and can you imagine the problems and heartache that can cause?"

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Meltzer Lippe
190 Willis Avenue, Mineola NY 11501 Phone: 516-747-0300 Fax: 516-747-0653
info@meltzerlippe.com