



What Will Your Legacy Be?

Create an estate plan so your dreams can live on

We all have dreams — for ourselves and for our families. While our dreams may change as we journey through different stages of life, one thing never changes: To achieve any dream or goal, we must make a plan.

If one of your goals is to leave a lasting legacy of love and financial support for your family, it is important to put an estate plan in place. Without a plan, your money and assets may end up being spent on legal fees and taxes rather than helping to support your family. Plus, some of the prized possessions you intended to gift to certain loved ones may end up in the wrong hands.

Here are five steps to help you create a plan to better protect your family and ensure the loving legacy you dream of leaving behind.

1. Learn the Rules

Everyone should have a written plan such as a will or trust. However, the thought of learning how things like probate, wills, trusts and taxes work can make anyone's head spin. If you're not up to diving into the literature on your own, you can always consult with an attorney who specializes in estate planning.

As you enter the early phases of your planning, here are a few things to consider:

- If you own a home or other property, what should happen to it after you're gone? Do you want to make sure your spouse can keep it? If you own the property jointly, it will remain with your spouse. If not, you can use a simple will to carry out your wishes.
- If something happened to you, would your family need more money than you

anticipated? If so, you may want to consider life insurance. If you already own life insurance, make sure it will be enough to help your family cover the bills and maintain their lifestyle. If you have children at home, make sure you consider college tuition and other expenses they may have while in school. A trusted advisor can help you determine the amount of life insurance you may need.

- Do you care for a special-needs child? If so, it's important to have a plan in place should something happen to you. One option is a "special-needs trust," which can be used to provide for the ongoing needs of your child.

2. Keep Your Assets Organized

Keeping your information organized and up-to-date will help you make the best choices for you and your family. Plus, if something should happen to you, all of the parts to your plan — including your will or trust — will be located in one place. This will spare your grieving loved ones from having to search for important documents at an already difficult time. Just make sure your family knows where to find them. Here are some tips to help you get organized:

- Use a three-ring binder to store your information. Use a separate piece of paper for each asset you own, including real estate, cars and other personal property. Record what you paid for the property, its value, the amount you've spent on improvements, and any debt against it.
- As you review each asset you own, think about whether or not the asset is worth keeping. For example, if you have a car,

you might find that the amount you owe on your auto loan is more than the car is currently worth. In that case, you may decide to sell the car now so your loved ones won't be left with the financial burden. However, if you decide an asset is worth keeping, what would happen to that asset if you were gone? Making decisions like these now can save your family a great deal of heartache after you're gone.

3. Decide Who Gets What — and When

The needs of your loved ones change over time. Let's say you have an 18-year-old daughter. In your absence, the assets and financial assistance she needs now will be much different in 15 years. To make sure your plan meets your family's changing needs, it is important to decide who you want to gift a specific asset to, and when is the appropriate time for that person to receive that asset. As you consider who you'd like your beneficiaries to be, ask yourself these questions:

- If something happened to you tomorrow, how well would that person be able to care for the property or asset you leave behind?
- What impact would the asset have on the person's personal growth and maturity? Perhaps it's better if he or she receives the property later in life.
- Should the property be sold if something happens to you?
- How much income tax or estate tax would it cost if you gift your asset to the person?

4. Determine the Best Planning Tools for You

There are a number of planning tools you can use to pass property to your loved ones, including wills, trusts and certain types of contracts. People often use more than one of these tools to cover different types of property and assets. At times, limitations on one type of tool will make it necessary to adjust others you may have.

For instance, if you already have a will in place and later learn it doesn't cover how or to whom your IRA is distributed, you may need to re-evaluate your plan. In some situations, instructions in your will about how certain assets are to be distributed aren't enough. It's best to consult with an attorney to make sure your plan will be executed the way you want.

In addition to wills and trusts, here are some other means you can use to help protect your legacy:

- Annuities
- Life insurance
- Retirement plans
- Joint property
- Taxes

5. Put Your Plan in Motion

Once you've organized your assets and decided how they should be distributed, take the final step: Make your estate plan a reality. If you don't feel comfortable preparing the necessary documents yourself, consult with an attorney who can help you.

With your estate plan in place, you can put your mind at ease knowing your wishes will be carried out for the sake of your loved ones. Instead of leaving a legacy wrought with legal and financial burdens, your legacy will be one of lasting love and support — and the dreams you hold for your family will live long after you're gone.

Information from:

"The Five Steps of Creating a Plan," by Deborah S. Layton, netplaces.com, accessed June 5, 2012.

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