



THE **PERFECT** RIA

THE ESTATE PLANNING PROCESS

At our next meeting, we are going to discuss the topic of estate planning. When we do so, there will be several components to this subject:

- Advanced Healthcare Directives,
- Durable Powers of Attorney,
- Last Will and Testaments,
- Trusts and,
- Beneficiary Designations

These matters can often trigger emotional responses because we are considering what may happen to our loved ones in the event of a tragedy. When we add the complexity of legal issues on top of these emotions, it makes the subject difficult at best.

That is why before we meet, we want to provide you with some information on the topic and each component so that you have time to digest everything before you meet with an attorney, or self-prepare these documents. As you read through this guide, you may have questions, concerns or comments that you want to ensure are conveyed to everyone involved in the plan. We recommend that you pencil down notes as they come to mind, that way they are not forgotten.

No two people are identical in life on how they like their affairs handled. Death is often times, no different. You may have had conversations about this with your loved ones before, but as we have all experienced, when someone passes we are often so besought by the flood of grief that washes over us that we end up asking over and over, “what would they have wanted?”.

That is why we have provided you with an “Estate Planning Checklist” to help guide you through the conversations that loved ones need to know. This checklist is yours to retain and should be discussed with those whom you want to handle such matters.

Estate planning is an essential part of a financial plan because it is about taking care of the ones that you leave behind. You are taking the time to make difficult decisions today, which could alleviate your survivor from needing to make incredibly heart wrenching decisions later.

If you have ever lost someone in an untimely death, then you understand how many pieces go into the composition of one’s life.

Here are some of the matters that we will be discussing soon, but understand that along the way, others may arise. We will take the time to address each one and ensure that we have discussed them in depth so that it reflects precisely what you want.

SAMPLE RESOURCE

This sample is provided ‘as is’ by The Perfect RIA, is for members only and should not be shared. Your use of this document is at your own risk, and you should not use this sample or any others provided by The Perfect RIA without first seeking legal, compliance, and other professional advice. The provision of this sample document (and the documents themselves) do not constitute legal or compliance advice. All rights reserved by The Perfect RIA. Copyright for the exclusive use of current BackStage Pass and/or Invictus Members. All other use, including by past members, is a violation of our copyright, and a pack of ravenous wolves dressed as attorneys will be looking for you.



Advanced Health Care Directive

We will discuss what is known as an Advanced Health Care Directive, which prior to 2002 was referred to as a “Living Will”. The Advanced Health Care Directive outlines your end of life decisions and/or life supporting decisions. The directive will outline who has the authority to make decisions on your behalf. However, do not consciously place it upon another person to have to make your life decisions; that is a burden no person should have to bear.

We will go through an Advanced Health Care Directive in detail and you will have the ability to make several determinations. Some of which consist of whether or not you want to remain on life support? How long would you like to be on life support? What type of medical procedures are you opposed to?

Durable Power of Attorney

We will also discuss a Durable Power of Attorney. Unlike a General Power of Attorney which is void at the moment of incapacity, a Durable Power of Attorney is effective through incapacitation. This is perhaps the most powerful document that you will ever sign because you are granting another individual the authority to make decisions on your behalf – including financial decisions.

Whomever you grant a Durable Power of Attorney to could have the authority to encumber your assets. For example, they could take a loan in your name, max-out credit cards in your name, and liquidate your bank or brokerage account(s) in your name. We cannot stress enough that when you complete this document you need to understand the power you are granting someone, therefore this needs to be someone you trust implicitly.

The reason that a Durable Power of Attorney is critical is because it allows another individual to conduct your financial affairs. For example, let's say that you hit a moose while going down the highway. The car accident doesn't kill you but it makes you comatose. Who is going to file your taxes? Who is going to make payments from your bank account for the mortgage, car, credit cards, etc? Who is going to receive your retirement or pension checks? File for Social Security benefits? This document empowers another individual to assist you should you ever be unable to do so. If you do not have a Durable Power of Attorney in place, then someone will have to file with the courts to be appointed which is both time consuming and expensive.

Last Will and Testament

Your Will outlines your expressed wishes and this is the document that governs probate. Probate is a court-sponsored process that pays any claims against your estate, and passes your assets to your heirs. If you die without a Will in place, then the court will declare that you are “Intestate” and probate, a public process, will begin so that the court can make the decisions you should have made prior to your death. The court will make your decisions regarding your belongings and determine who gets what. Probate is subject to claims therefore creditors may come forward and make a claim to your property.

SAMPLE RESOURCE

This sample is provided 'as is' by The Perfect RIA, is for members only and should not be shared. Your use of this document is at your own risk, and you should not use this sample or any others provided by The Perfect RIA without first seeking legal, compliance, and other professional advice. The provision of this sample document (and the documents themselves) do not constitute legal or compliance advice. All rights reserved by The Perfect RIA. Copyright for the exclusive use of current BackStage Pass and/or Invictus Members. All other use, including by past members, is a violation of our copyright, and a pack of ravenous wolves dressed as attorneys will be looking for you.



Trust(s)

There are several types of trusts, in brief here are some of the more common discussed:

Testamentary Trust: Arises upon the death of the testator, and which is specified in his or her will.

Living Trust: Is created during your lifetime and allows you to transfer assets into the entity while alive.

Revocable Living Trust: A revocable trust is a trust whereby provisions can be altered or canceled dependent on the grantor. During the life of the trust, income earned is distributed to the grantor, and only after death does property transfer to the beneficiaries.

Irrevocable Trust: An irrevocable trust can't be modified or terminated without the beneficiary's permission. The grantor, having transferred assets into the trust, effectively removes all of his rights of ownership to the assets and the trust. This is the opposite of a revocable trust, which allows the grantor to modify the trust.

Special Needs Trust: A legal arrangement and fiduciary relationship that allows a physically or mentally disabled or chronically ill person to receive income without reducing their eligibility for the public assistance disability benefits provided by Social Security, Supplemental Security Income, Medicare or Medicaid.

"Medicaid Trust": An irrevocable Medicaid trust is a permanent agreement made by the trustor, or owner, that establishes control and management of her assets while she's still alive. Medicaid, a state-administered medical assistance program for low-income persons, has both income and financial resource limits for recipients.

When considering whether or not a trust makes sense for you, consider what we believe a properly structured Trust is designed to do:

- Protect,
- Control and,
- Incentivize.

Protect - The protection of assets by use of a Trust can be beneficial in a multitude of ways. We live in a litigative society. If we are individually sued, assets like a home placed inside of the Trust can be protected. If you are concerned about a beneficiary going through a divorce or even experiencing a personal injury, a Trust could help protect the assets that you want to leave them. There are thousands of "what if" scenarios that we never think will happen to us - until they do.

Control - Money is an exchange of life energy and those who have worked hard often want to not only protect their heirs but also control the manner in which they receive their assets. As a Financial Planning firm we know that heirs who receive lump sums - **REGARDLESS OF AGE** - generally spend the funds within eighteen months of receipt.

SAMPLE RESOURCE

This sample is provided 'as is' by The Perfect RIA, is for members only and should not be shared. Your use of this document is at your own risk, and you should not use this sample or any others provided by The Perfect RIA without first seeking legal, compliance, and other professional advice. The provision of this sample document (and the documents themselves) do not constitute legal or compliance advice. All rights reserved by The Perfect RIA. Copyright for the exclusive use of current BackStage Pass and/or Invictus Members. All other use, including by past members, is a violation of our copyright, and a pack of ravenous wolves dressed as attorneys will be looking for you.



THE PERFECT RIA

Leaving large sums of funds to children of any age can be detrimental to their ultimate development and perhaps, not be the blessing you hoped it would be.

Sometimes, leaving a large sum of money could be detrimental to an heir. For instance, if they are struggling with pain points like financial immaturity or substance abuse.

Incentivize - Money can be a profound motivating factor in helping guide heirs towards making monumental life decisions. For instance, it can often be the reason why some are able to go on to obtain a college education. If you are no longer here to help those loved ones become their best selves, can you use your Trust to help them?

Beneficiaries

When we review an intake of your assets, we are going to ensure two critical points. The first being that your assets go where you want them to and secondly, that they do more good than harm.

Assets transfer by title first. This is a really important sentence so we are going to repeat it, "Assets transfer by title first." This means that whatever you have your beneficiaries listed as on your account(s) is how those assets upon your death will transfer. Even if you complete your Estate PLanning, if you do not update your beneficiaries in accordance to those instructions, those assets will transfer as they are recorded as not as what your estate planning has.

When you have your estate planning as you would like, our office should receive funding instructions from your attorney or self. These will allow us to update your account(s) so that they are titled as you would like.

We will also, at that time, provide you with a Beneficiary Checklist so that you can double check all of the accounts that you may have outside of our scope.

We are going to discuss these steps in detail from a financial planning perspective. Should it be appropriate to consult with an attorney to formalize these plans, we will recommend an attorney should you need a referral.

While we will conduct these discussions during our next appointment, you do not need to worry about having all of the answers finalized in one meeting. Of course, if you have any questions between now and then please let me know.

Respectfully,
FINANCIAL PLANNER

SAMPLE RESOURCE

This sample is provided 'as is' by The Perfect RIA, is for members only and should not be shared. Your use of this document is at your own risk, and you should not use this sample or any others provided by The Perfect RIA without first seeking legal, compliance, and other professional advice. The provision of this sample document (and the documents themselves) do not constitute legal or compliance advice. All rights reserved by The Perfect RIA. Copyright for the exclusive use of current BackStage Pass and/or Invictus Members. All other use, including by past members, is a violation of our copyright, and a pack of ravenous wolves dressed as attorneys will be looking for you.



THE **PERFECT** RIA

SAMPLE RESOURCE

This sample is provided 'as is' by The Perfect RIA, is for members only and should not be shared. Your use of this document is at your own risk, and you should not use this sample or any others provided by The Perfect RIA without first seeking legal, compliance, and other professional advice. The provision of this sample document (and the documents themselves) do not constitute legal or compliance advice. All rights reserved by The Perfect RIA. Copyright for the exclusive use of current BackStage Pass and/or Invictus Members. All other use, including by past members, is a violation of our copyright, and a pack of ravenous wolves dressed as attorneys will be looking for you.