

Protecting the Ones Who Matter Most: Wills and Estate Planning for Young Families



Becoming a parent for the first time is an amazing thing. Along with months of preparations and special moments, this is also a time of reflection—thinking more seriously about the future. And with that comes a responsibility to your family. That means having a will and/or trust, along with other important documents in place. ***Here's your opportunity--Build an estate plan to protect yourself, your partner, and your children.***

To help you think about your estate planning responsibility, consider these six key concepts:

1 Choose a guardian for your children

As a parent of minor children, the most important function of your will is choosing a guardian. In the event of both parents' deaths, anyone can apply to be guardian of your minor child. But if you have a will, you leave a set of instructions for your choice of who should have that responsibility. The person you choose should be caring, stable, resourceful, and hopefully have an understanding of your values. Undoubtedly, this would be a chaotic time for those left behind. Naming a guardian ensures that you have the right person to support your children.

2 Indicate how your property should be distributed

Most of us know what we want to happen to our property when we die. But if it's not prepared properly, our legal system doesn't guaranty it will fulfill our wishes. When you die, a "will" is set of instructions to a court describing how you want property given away.

A "trust" is a set of instructions to a trustee describing how—and more importantly when—you want property given away. That's an important distinction. With a trust, you can set aside your property to be managed for your children until a time you think it's appropriate for them to have free access to it (likely well beyond age 18 when Ohio law allows them to inherit). With many of us having life insurance and other assets, if both parents die, there could be a large sum payable to children at age 18. Most are uncomfortable with the idea of an 18 year-old having hundreds of thousands of dollars free to spend. But you can proactively solve that problem with a trust so the trustee can hold onto the child's inheritance through potentially financially immature stages of life while still paying for education and supporting the child's needs.

3 Name an Executor and Trustee

An “executor” is a person you name in your will to manage your assets and wind up your affairs at death. A “trustee” serves a similar function for a trust. These are key responsibilities in your estate plan. It’s important to consider the individuals you are selecting for these roles:

- Are they trustworthy?
- Do they make sound financial decisions?
- In the case of a trustee for minor children, would they impart good financial values to your children as they grow up?

Many times the right person for this role is different than the person you nominate as a guardian for your children.

4 Name beneficiaries on life insurance policies and other accounts

A beneficiary designation is a selection that you make with a financial institution as to who or what should inherit that specific asset when you die. As part of a well-constructed estate plan, beneficiary designations work in tandem with your other documents to avoid probate court and other lengthy hiccups, and ensure that the asset is distributed quickly and efficiently. Perhaps most importantly for young families, if you put a trust in place for minor children, it is critical that your beneficiary designations are set up to direct your assets into your trust at your death. If you decide not to put a trust in place, it is even more critical to consider your beneficiary designations should be adjusted so that assets can be held in appropriate custodian accounts with a financial institution until children reach adulthood. If your beneficiary designations and your estate planning documents are not coordinated properly, you could end up with some unintended results, including having assets go out directly to children or being placed in a court-managed guardianship instead of more appropriate trust vehicles or custodian accounts.

5 Appoint agents to manage healthcare and financial decisions if you cannot

All it takes is an unexpected medical event for the best laid plans to be upended. All good estate plans consider that you or your partner could become unable to make your own financial or healthcare decisions. A “financial power of attorney” allows you to designate someone to pay bills, access your accounts, and manage your affairs for you. Similarly, a “healthcare power of attorney” is critical in a medical emergency to allow a trusted person to make healthcare decisions for you when you can’t make them yourself. Many people feel strongly that they do not want to live indefinitely on a life support machine. If you feel that way, executing a “living will” can make your end-of-life wishes known.

6 Review your estate plan regularly

You and your family change with time. Your estate plan will need to change with you—it’s not a one-and-done deal. A good rule of thumb is that anytime you have a major life event (births, deaths, illnesses, disabilities, marriages, divorces, financial hardships, personal successes, etc.), you should review your estate plan and make any necessary changes. Similarly, laws change often and if it’s been a while since you reviewed your plan, it is important to check in with an attorney every 3-5 years to make sure you have a plan in place that will achieve your goals.

Here at Wegman Hessler, our estate planning attorney—Rachel Lyons—has young children and is familiar with the concerns of parents. She also understands how important it is for families to get sound legal advice at a flat rate.

Have questions about this article or estate planning?

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