

Resolve to protect your loved ones by writing your will - AvvoStories

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FAMILY/KIDS, MONEY, WILLS & ESTATE PLANNING

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Saving more money comes right after getting healthy as the [most common New Year's resolution](#). But there is another financial improvement Americans need even more – estate planning.

Whether due to the mistaken impression that estate planning only matters for the rich, or a fear of thinking about death, [sixty percent of Americans](#) don't have a will. However, rather than being morbid, [estate planning](#) is a way to continue looking after your loved ones even when you're gone. Estate plans ensure your dependents are cared for, relieve loved ones from making weighty decisions, and safeguard a bigger percentage of your wealth for heirs instead of the government. If you are resolved to do better by your loved ones this year, here's what you need to know to get started.

[A three-part resolution](#)

A three-part resolution

Legally speaking, your estate includes everything you own, from investments to your vehicle to your antique baseball card collection. Even if you don't have much money, you have an estate.

Estate planning means more than just disposing of your stuff when you die. In fact, parts of an estate plan may be activated while you are still alive. An estate plan has three parts:

- [A will or a trust](#) is the best-known element of estate planning and is usually the most [urgently required](#).
- [A durable power of attorney](#) establishes who can make legal and financial decisions on your behalf when you are unable to do so.
- [A medical power of attorney](#) or [living will](#) clarifies your choices for medical treatment in circumstances when you are unable to communicate them – for example, if you are unconscious or mentally impaired.

1. Wills and trusts

If you only make one financial resolution this year, resolve to establish your will. Having a will or trust is critical for parents of minor children, legal guardians of a dependent adult, and [pet owners](#). That's because your will designates their guardian. Without a will, guardianship will usually default to a biological parent or the state.

If you have saved any money for education, special needs, or other medical expenses, your will or trust ensures the money is used for that purpose. This is also where you allocate your assets – both financial and sentimental – and name the person who will be responsible for ensuring that your wishes are carried out.

Determining if a will or trust is right for you

Wills and trusts are different legal approaches to the same goals. Most people can prepare a legally valid will using a simple online template (although it's never a bad idea to have [an attorney](#) review the document). But if you have a large estate, a complicated personal or financial situation, or are considering [gifting portions of your estate](#) before you die, you should consult with an attorney about forming a living trust.

2. Power of Attorney

Not all estate planning takes effect after you die. Establishing a [durable power of attorney](#) is about handling your property, legal affairs, business dealings and financial matters when you can't do it yourself.

Power of attorney can be as limited or as broad as you choose. It can range from assigning who manages your small business while you are recovering from surgery, to delegating management of all of your legal and financial decisions. Details are very important in power of attorney documents, so it is best to prepare one with [help from a lawyer](#).

3. Living Wills and Health Care Surrogates

[A living will](#) is the document that tells your family and medical providers what you want done if you cannot make decisions about your treatment, for example if you are unconscious or suffering from dementia. This document may include your attitudes about pain medication, feeding, and life support.

You may designate a health care surrogate, or medical power of attorney, as an alternative or supplement to a living will. Unless you are diagnosed with a serious disease, it is tempting to ignore this part of estate planning until you are older. But a serious accident can happen to anyone, and it's better to make medical decisions for yourself.

The benefit of resolve

Death and taxes aren't cheery subjects, and financial paperwork isn't usually the stuff of New Year celebrations. But there's no better way to start a new year than by looking out for the people who matter to you most. Whether you resolve to take care of everything at once or piecemeal, completing an estate plan could be the most effective resolution you ever make. You can go back to resolving to hit the gym in 2020.

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