



Estate Planning Tips

- Draft a document listing the details of your financial life, such as investment and bank accounts, insurance policies, and financial advisors. This will be extremely helpful for you when you do your estate planning. Also, when you do pass on, this information will be extremely helpful for your heirs as well.
- Beneficiary forms on 401(k)s, IRAs, and other retirement accounts are not covered by your will or trusts. Make sure they are current.
- Assign the jobs of executor and guardian to different people--give control of your children's inheritance to one person while someone else takes the children in. The best person to raise your children may not be the best one to handle finances.
- If you assign a couple to be guardians of your children, make sure you have thought about what you want to happen if the guardians divorce or if one of the guardians passes away. Name one person in a couple as the guardian, or specify that the couple should be guardians only if they are still married or cohabitating. Make sure you name alternate guardians. These names can always be changed later by a simple codicil to your will if you change your mind.
- If you are married, make sure your will and trusts include specific instructions about how your assets should be passed on in the event the surviving spouse remarries.
- Sometimes it is smart not to write a person out of your estate plan completely. Generally, those that challenge estate planning documents in court may be forced by the law to inherit nothing unless their suit falls into a number of specific exceptions. However, if a person is not going to inherit anything anyway, there is no disadvantage to filing a lawsuit. It may be prudent to leave an amount of money to that person so that he or she will be deterred from suing your estate and chancing the loss of the inheritance.
- Do you have a beloved pet you want taken care of after you pass away? One cannot leave money directly to an animal under California law. However, one can set up a trust for that animal so that it will be taken care of for the rest of its life. Make sure you name a trustworthy person as the animal's guardian and provide guidelines in the trust as to how the pet should be cared for.
- Consider gifting as a way to reduce the size of your estate, and, correspondingly, estate taxes. In 2007, an individual may gift \$12,000 a year (\$24,000 for married couples) free from gift taxes to each of any number of individuals.