

# Get Unstuck – Take Action on Your Estate Plan

## *Five Estate Documents Everyone Should Have*

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When you think about your family's financial future, what comes to mind? Perhaps, where your children will attend college, or maybe where you want to retire with your spouse. Those are certainly life events you want to figure out, but you also want to expand your thinking to include the big picture – what taking charge of your financial future really looks like. It means addressing your wishes in the event of your death or becoming incapacitated.

### **The big picture**

No one wants to think about dying; however, you want to have a written estate plan outlining what would happen to your property when you die. States have their own rules regarding this and it may not be what you want. Without an estate plan, your property will be subject to those rules.

### **Take action on your estate plan**

**What do you own?** Start by making a list of all your assets, including how they are titled. This will help you assess everything you have and make sure nothing gets overlooked as you start exploring the best ways to handle your estate.

**Who do you want to provide for?** Give some thought to who relies on you for support, including your family members, children, grandchildren, favorite charities and churches that you support. You want to think about how you want to take care of them in your estate plan.

**What does your current plan say?** As part of this process, you're going to want to bring in any estate planning documents you already have so they can be reviewed and updated. They should be updated if there's any changes to your family situation such as getting married, having children or getting divorced. Or, if there's any changes to the estate tax laws that make them not as useful under the old regime.

**Who should be your fiduciary?** A fiduciary is someone who acts with someone else's interests in mind. Give some consideration to who you want to name as initial and successor fiduciaries for each of the following roles:

- **Trustee of your Trust and/or Executor of your will.** This person or persons would manage your assets and report to your beneficiaries.
- **Agent of your financial power of attorney.** This person acts on your behalf during your lifetime on financial matters.
- **Agent of your health care power of attorney.** The person to whom you give health care power of attorney would be someone who understands what kind of health care decisions you want made.
- **Guardians of your children.** Guardians would take custody of your children and serve as quasi-parents in the event of your death. You also want a conservator or trustee of assets who would manage the financial assets for your children.

Don't let the guardian decision get you stuck. The chance of your children losing both parents while they are minors is very slim. The bigger danger of not having a written plan is that your children might inherit property outright at an age that is not ideal (say 18 or 21).

**Beneficiary designations.** Check all your beneficiary designations. They trump whatever your will says. If you have an IRA, qualified plan or life insurance policy, whoever you name as the beneficiary is who the money will go to, no matter what your will says.

## Recommended estate documents

We recommend most people have the following estate documents:

**Revocable trust.** This can be used to manage your assets during your life. Also, because it's funded during your lifetime, if you become incapacitated, someone can manage the trust for your benefit. On the other hand, if you only have a will, someone would have to go to court to petition to be appointed as your guardian and conservator. You will generally want to transfer your assets to the trust to avoid probate.

**Pour-over will.** This would make it so that any assets were passed to your trust after your death. It comes into play if your assets are not transferred to your trust. The will is generally where guardians for minor children are named.

**Durable general (financial) power of attorney.** This names an agent to act on your behalf in financial matters during your lifetime. For example, the agent would be able to sign tax returns if you're incapacitated. You can have this type of power of attorney come into effect immediately, or only after you've become incapacitated.

**Healthcare power of attorney.** This is especially recommended due to HIPPA laws. Without this document, healthcare professionals cannot speak to people on your behalf about the medical care you're receiving. You would list who you would like to make health care decisions for you if you're unable to make them for yourself. You also want to list what types of life-prolonging procedures you would want to have or not have, depending on your health situation.

**Living will (also referred to as an advance directive).** While the healthcare power of attorney names an agent to speak on your behalf, this document informs your health care providers and your family about your desires for medical treatment in the event you are not able to speak for yourself.

Remember, an estate plan can give you peace of mind knowing that your assets and your family are secure. Getting started is as easy as getting these documents together.

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