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# WHY YOU NEED AN ESTATE PLAN NOW

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Make things easier for the  
people you love.

# What is Estate Planning?

Estate Planning is the process of making it clearly known how you want your estate to be handled after you pass, or if you're incapacitated and unable to handle things on your own. The most common Estate Planning definition is – "the process of making plans for the management and transfer of your estate after your death, using a Will, Trust, insurance policies and/or other devices." Estate Planning has been around for many years, but it's becoming increasingly more and more common.

There are many parts of Estate Planning, but the first thing you must do is conduct a comprehensive review of your estate assets. Your estate is made up of all the property you own, including:

- ✓ Cash
- ✓ Cars
- ✓ Clothes
- ✓ Jewelry
- ✓ Houses
- ✓ Investments
- ✓ Savings
- ✓ Retirement accounts
- ✓ Land



# What Are Three Critical Functions of an Estate Plan?

## 1. Protects your assets for your family (or other heirs)

An estate plan can act as a safety net that helps preserve the value of your assets, minimizes wait times for disbursement, and helps ensure the legacy you envisioned is carried out.

## 2. Gives you a say in who receives your belongings

By creating a will, you can name your assets, beneficiaries, and an executor who will carry out your wishes after you pass away.

## 3. Allows you to choose who will make your decisions

An estate plan often contains a durable power of attorney form and a healthcare proxy form – two vital legal documents that ensure that your plan will be carried out the way you want it to. A durable power of attorney form appoints a trusted relative or friend to manage your legal and financial affairs should you become incapable.<sup>1</sup> And a healthcare proxy form gives someone permission to make healthcare decisions for you based on your wishes if you're unable to do so.<sup>2</sup>

If you have a durable power of attorney or a healthcare proxy, it's important to include that information on accounts such as IRAs, 401(k) plans, and insurance policies.



# 6 Reasons Why You Should Have An Estate Plan

## 1. To Plan for Your Own Needs

An important step in the estate planning process is determining who will make decisions on your behalf if you're unable to do so yourself. If you become incapacitated—or unreachable due to travel or other circumstances—a living or revocable trust will hold assets for your benefit while you're alive and name the people you wish to receive your property when you die.

Additionally, naming a durable power of attorney to act on your behalf on financial and legal matters if you become physically or mentally disabled can help ensure that these decisions are made in your best interest. If you're unable to make medical decisions for yourself, having a healthcare proxy, agent or power of attorney, HIPAA release and living will can help make sure that you receive the care you need and desire.

## 2. To Choose How You Dispose of Your Wealth

The most basic document of most estate plans is a will, which names an executor or personal representative who is responsible for the administration of your estate after you die and distributes property as you direct. If you have minor children, you can name guardians to oversee their care in your will. A revocable trust or personal property memorandum may also be helpful to supplement your will.

Certain assets such as life insurance, retirement accounts and annuities require you to name beneficiaries and therefore don't need to be included in a will. However, these assets are often overlooked, so it's important to coordinate their distribution with your other property.



### 3. To Minimize Transfer Taxes

Maximizing the wealth you transfer to your beneficiaries (and minimizing transfer taxes) can be an important component of the estate planning process. The Tax Cuts and Jobs Act of 2017 expanded the amount that individuals may give away at death—or during life—without triggering transfer taxes. The new law offers several advantages, including an increased exemption amount until 2026 and portability, which means spouses can share one another's exemption. You can make annual tax-free gifts up to \$15,000 in 2019 (and double this amount for married couples). Additionally, you can pay medical and educational expenses for someone else without incurring the gift tax.



### 4. To Incorporate Philanthropic Planning

If you have philanthropic goals—whether from a legacy, personal fulfillment, generational connection or tax-planning perspective—an estate plan can help make sure your objectives are met. Going through the planning process

allows you to choose a charitable cause that's important to you, select the assets you wish to give and determine the best way to make your gift.

### 5. To Protect Family Wealth

Many wealth transfer strategies also have wealth protection benefits, which can be an important consideration for affluent families. Asset ownership, insurance, limited liability entities, irrevocable trusts and asset protection trusts are all methods designed to protect your assets from creditors in the event of frivolous law suits and claims. A wealth advisor or estate planning attorney can help you determine which of these options is appropriate for your circumstances.



## 6. To Prepare Future Generations to Receive Wealth

Finally, preparing the rising generation to receive wealth can be very helpful in preserving family wealth in the long term. Developing an estate plan is often a good opportunity to establish wealth planning goals, facilitate conversations about what wealth means to your family, and educate adult children about financial concepts and ways they can become involved in creating and sustaining the family legacy.

Estate planning can be a daunting task, especially if you're starting from scratch. If you're unsure where to begin, working with a trusted advisor or estate planning attorney can help you develop the documents you need to give you peace of mind about your financial affairs.

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## Sources

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