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BENEFICIARY CHECKLIST

5 Steps to LEGACY PLANNING

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CONGRATULATIONS!

You have spent your entire life building something important. You may have raised a family, achieved professional success or even built a business. You've saved money and accumulated assets, and perhaps most of all, you have gained a tremendous amount of wisdom, insight and perspective.

As you look back on what you've built through the years, you may wonder how you should protect your legacy going forward. How do you pass your wealth on to your beneficiaries? How do you direct assets to charitable interests? How do you protect your business interests and keep them positioned for success in the future?

Thinking about these questions may be unpleasant, but they should be considered, and decisions made. If you have a substantial amount of wealth and don't have a plan in place, you could face a number of challenges in passing on your assets, and legacy, to the next generation.

In some scenarios, there may be resistance from your heirs about your plans. Very often, resentment and other hard feelings bubble up to the surface after a parent or grandparent's death. If one of your heirs feels shortchanged, it could create animosity within the family.

Your heirs may not understand some of your wishes, and may not appreciate your desire to leave money to a charity, to fund a scholarship or to another philanthropic organization, instead of leaving it to them.

If you own a business, you have another set of challenges and complexities to face. You need to ensure the business is well-positioned to succeed in the future, and leadership is in place to fill your void when you're gone. Make sure your heirs will be properly compensated for your equity in the business by seeking legal counsel.

As you can probably imagine, handling all of these issues requires serious thought and planning, and as unpleasant as the topic may be, it's too important not to address.

Having a solid team of advisors can make the process easier. An estate-planning attorney, accountant, financial advisor and insurance professional can all help you prioritize your goals and identify possible challenges. They can also help you develop an action plan to ensure your legacy is protected long after you pass away.

There are many things you should consider as you start planning your legacy. This action guide offers a five-step plan to help you make sense of the legacy planning process and mitigate any feelings of being overwhelmed. By following these steps before consulting with your advisors, you'll be in a better position to leave the legacy you desire.

1 Set Your Goals

You wouldn't start a road trip without first deciding on a destination, nor should you start planning your estate and legacy without deciding exactly what it is you want to accomplish. Take time to think about, and talk through, your legacy goals; be sure to put all of your thoughts down in writing.

You may think about how you'd like to pass your assets on to your children and other heirs. Do you want them to be able to do whatever they want with the assets you leave them, as soon as you pass? Or do you want to put some restrictions and limitations on the assets?

Your goals shouldn't just be limited to financial concerns. You may also want to consider your charitable legacy. Are there any issues or causes you hold dear? If so, how would you like to make an impact in those areas?

Think about creating goals with regard to your accumulated wisdom and insight. You've learned many things over the years, so how do you want to pass that knowledge on to younger generations?

Once you've written down some ideas about your legacy, it's time to start sharing those ideas with others. Your first conversation should probably be with your spouse or partner. After all, they have input too. If they have not yet written down their goals, encourage them to do so. Then, compare your two sets of goals and make adjustments and compromises until your goals are aligned.

It's important for you and your partner to be on the same page. One or several members of your family may challenge your goals, so it's important you both share the same beliefs and convictions, and can stand united against these potential challenges.

After you and your partner have agreed upon a set of goals and priorities, discuss them with your team of advisors. Talk to your attorney, accountant, financial advisor and insurance professional to see which goals are feasible and which need to be adjusted.

Now is a good time to discuss your legacy with your heirs. Let them know you're starting to plan how your estate will be distributed after your death. Tell them you and your partner will make the final decisions, but you value their input. By including your children, grandchildren or any other important heirs in the discussion, you'll limit the chances of hard feelings arising later.

Think about *creating goals with regard* to your **accumulated wisdom** *and* **insight.**

When talking to your heirs at this stage, be careful with how much you disclose. Describe your legacy planning in broad strokes. You are still early in the planning process, so you don't want to commit to a certain goal or priority that could change down the road.

Explain to them you're beginning the planning process and are considering various ways to distribute your estate after you pass away. If you are planning to give some money to charity or an organization outside your family, bring it up; this will give your heirs time to get used to the idea. Ask for their input, but don't make any promises or guarantees.

2 Identify Challenges and Obstacles

Now that you've put your goals on paper, it's time to make those goals a reality. Even the closest families have obstacles during the legacy-planning process, so be sure to use your team of advisors to your benefit.

The earlier you can identify potential obstacles, the easier they will be to manage. Legacy-planning challenges usually fall into four different categories:

1. Family challenges

Family challenges are a major concern for most people planning their legacy. The last thing you want is children and grandchildren bickering over assets and perceived slights after you pass away. This is why it is so important for you to address your plan while you're alive.

Consider who may feel slighted by certain actions. Have you provided significant financial assistance to one of your children? If so, how do your other children feel about that? How will they feel if the child who has already gotten money gets a large inheritance when you pass away?

Do you have any children or grandchildren who aren't good with money? Are you concerned they'll waste their inheritance? Consider placing restrictions on it, but also consider whether you also need to place restrictions on everyone else's inheritance to be fair.

Every family has its own set of issues. Now is the time to confront yours and plan accordingly. If you ignore it, it's likely to cause larger problems after you pass away.

2. Business challenges

Do you own a business? You may have a different set of challenges and questions when legacy planning for your business. You should create a plan that allows for the business's ongoing success, while also fairly compensating your family for your stake in the business.

Are any of your heirs capable of running the business? Do they **want** to run the business? If not, you may need to put a plan in place to transition ownership upon your death. This could require setting up a buy-sell agreement with a partner or key employees. To ensure business continues to run smoothly, consider transitioning the business while you're alive.

If one of your heirs will take over the business, consider how your other heirs will feel. Will they feel slighted for not being included? What other assets can you pass on to them to make up for their exclusion from the business? How can you meet your business goals while also being fair to everyone involved?

3. Legacy challenges

While it is an enviable goal, it's not always as easy as simply writing it in your will. There are a number of challenges you should consider.

First, make sure the money you're donating will be used in the way you wish. Once you pass away, you will not be able to govern how the charity uses your assets or have the pleasure of seeing your assets at work. Talk to your chosen charity about how your funds would be used before you add them to your will, or consider donating while you are alive so you can see your donation in action.

Another consideration is how your heirs will feel about your charitable efforts. They may be supportive, but could also feel you're giving away part of their inheritance. Again, it's important to address this upfront so you can manage arguments before they become an issue.

4. Financial challenges

Finally, you'll also want to consider any challenges or threats to the size of your estate. In 2016, the federal estate tax exemption $5.45 million.[1] If your estate is larger than that, your heirs could face a substantial estate tax bill.

While you can't *always control your health,* you can take steps to **minimize** the **financial damage.**

Also, other costs like probate and administrative expenses can eat into your estate and drain assets. You'll want to recognize these costs in advance so you can minimize them.

Another big financial risk is end-of-life health care. A study from Mount Sinai School of Medicine found more than 40 percent of all couples spend 100 percent of their assets on health care during the last five years of life.[2]

While you can't control your health, you can take steps to minimize the financial damage. Long-term care insurance can help foot some of the bill. A living will and medical power of attorney can give your family guidance on which treatments to implement and which to avoid. Again, planning ahead can help you minimize these costs and maximize your legacy.

[1] https://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Whats-New-Estate-and-Gift-Tax

[2] http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3614143/pdf/11606_2012_Article_2199.pdf

3 Develop a Strategy

Once you have prioritized your goals and identified potential obstacles, you're ready to put a plan together. This is where your team of advisors can be a huge asset. They'll review your goals and challenges with you and recommend specific steps to achieve those objectives.

A common starting point is preparing estate-planning documents. A will is a gift for nearly everyone; however, you'll likely need more than just that. To avoid probate and other expenses, you may also need a trust. This is especially true if your assets will be distributed to heirs with restrictions or contingencies.

If you're leaving a substantial amount of money to charity, draw up documents stating how that money is to be used.

This is a good time to speak to your insurance professional about specific options to maximize your legacy. Second-to-die life insurance can be an effective tool for married couples. As the name suggests, it pays out a death benefit when the second person in the couple passes away, maximizing the benefit for the next-generation heirs.

Fixed indexed annuities are another useful option. They give you the opportunity to potentially grow your assets, but without the volatility existing in the stock market. Some annuities also have death-benefit enhancements that can increase the amount of money left to your beneficiaries.

Lean on your advisory team for information regarding specific options. Once they know your goals, challenges and concerns, they'll be in a better position to recommend specific solutions.

4 Communicate the Strategy

Now that you have a specific plan in place, it's time to share it with your heirs, business partners and other interested parties. Many people avoid having this discussion because they don't want to spoil relationships within the family. However, it's important you have this conversation. Putting it off will likely only cause dissent and turmoil after you're gone.

During the meeting, you can address specific concerns and explain why you're doing things a certain way. If you don't hold a meeting with your heirs, and some of them are unhappy with your plans, they will be unable to get answers from you and may instead form their own assumptions about your motives after you pass away.

Your advisor should be able to help during this step. He or she can hold meetings in a neutral setting. The advisor can also moderate the meeting in a way that ensures all concerns are addressed.

Again, if you've previously solicited input from your family members and outlined the broad strokes of your strategy to them, then the information relayed during this meeting should not come as a huge surprise. However, if you have not previously addressed the topic, some of your heirs may not understand your goals and wonder why they weren't consulted earlier.

Even worse, you may find none of your heirs are happy with your plans. Having already put in time and money to craft a comprehensive legacy plan, it would be disappointing and time consuming to learn of your family's disapproval and have to reevaluate your plan.

Lay out the general plan early in the process. Then, after you've fine-tuned your plan, hold a meeting with your heirs and your advisor to discuss the specifics. You may want to hold several meetings with different parties, especially if one heir's inheritance is substantially different than all the others. Also, if you have business partners, you'll want to meet with them separately as the information communicated to them could be very specific to the business.

Talk to your advisor for more information on how he or she can help you communicate your plans to your heirs.

5 Review Regularly

Your legacy plan isn't static. It's a dynamic plan that should suit your needs at the time you pass away. Your life could potentially change drastically between the time your plan is established and the time it's implemented.

You should meet with your advisors regularly to make sure your plan still aligns with your goals and needs. Some of the biggest changes can involve your family. You may have grandchildren who need to be added into the plan, or there may be a divorce or remarriage in the family, which can lead to complicated questions about how step-children or step-grandchildren should be treated.

There could also be important legal and financial changes. You may have an asset that considerably increases or decreases in valuation, changing the amount of money you'll have to distribute. Tax laws could change, and, in turn, could impact the size of your estate.

There aren't easy answers to some of these changes, which is why it's so important to regularly review your plan and consult with your advisors. They can help you identify important changes and recommend necessary action steps.

You've spent your entire life building your legacy. You have the tools, power and resources to ensure your legacy is sustained long after you're gone. It is imperative you are proactive. You have to identify your goals and challenges, and then work with your skilled and knowledgeable advisors to create a strategy that works for you.

Beneficiary Checklist

Account	Type	Primary Beneficiaries/ Relationship	Secondary Beneficiaries/ Relationship	Last Updated
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	
		1. 2.	1. 2.	

Life events, such as the following, can trigger a need to update or review your beneficiaries:

- Marriage
- Divorce
- Remarriage
- Birth of a child
- Adoption
- Marriage of an adult child
- New job
- New insurance policy
- Change of insurance provider
- Birth of a grandchild
- Child attains adulthood
- Divorce of an adult child
- Retirement plan rollover
- Change in company retirement plans
- Inheritance or expectation of one
- Establishment of a trust
- Illness/death of a beneficiary

This is a valuable list to include in your personal financial organizer. Review this list on an annual basis. Make sure all retirement plans and life insurance policies are updated.

24 Documents You Need to Compile before Death

Gather documents now, or you could be setting up your heirs for financial frustration.

The Essentials

- Will.
- Letter of instruction.
- Trust documents.

Proof of Ownership

- Housing, land and cemetery deeds.
- Escrow mortgage accounts.
- Proof of loans made and debts owed.
- Vehicle titles.
- Stock certificates, savings bonds and brokerage accounts.
- Partnership and corporate operating agreements.
- Tax returns.

Health Care

- Durable health care power of attorney form.
- Living will.

Bank Accounts

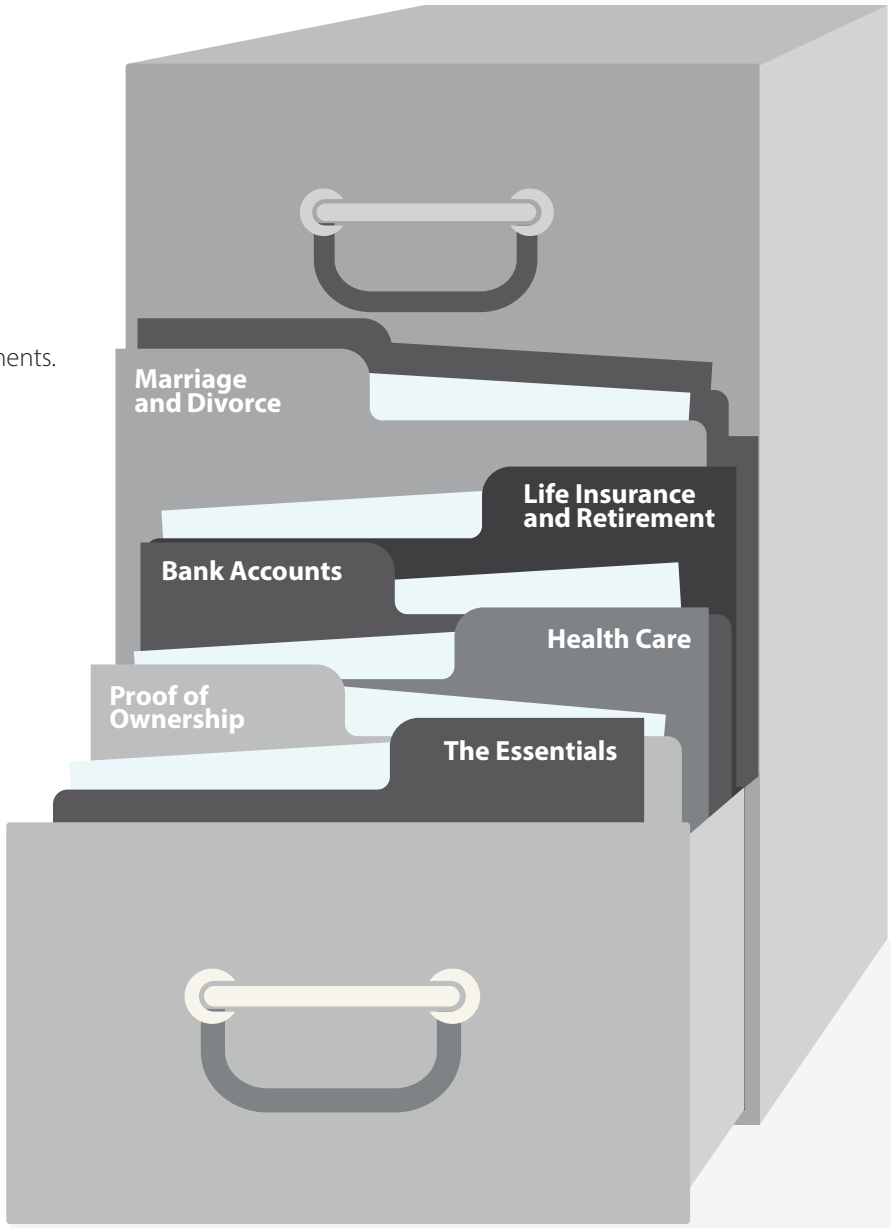
- List of bank accounts.
- List of all user names and passwords.
- List of safe-deposit boxes.

Life Insurance and Retirement

- Life insurance policies.
- Individual retirement accounts.
- 401(k) accounts.
- Pension documents.
- Annuity contacts.

Marriage and Divorce

- Marriage license.
- Divorce judgment and decree or stipulation agreement.
- Qualified domestic relations order.
- Authorization to release protected health care information form.



*http://www.wsj.com/articles/SB10001424052702303627104576410234039258092

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