

Improving Financial Awareness and Literacy

It starts with getting your estate planning house in order

By Valentino Sabuco

Key Takeaways:

- Estate planning is an essential component of everyone's financial plans.
- It is estimated that over 120 million Americans (that's half your family and friends, fellow workers, employees, business associates, and prospects) do not have up-to-date estate plans to protect themselves and their families.
- You can't just talk about estate planning, because verbal agreements aren't legal.
- Invitation to participate — [The Improving Financial Awareness & Financial Literacy Movement & Campaigns](#) are strategically built around [National Financial Literacy Month](#) in April and six months later during [National Estate Planning Awareness Week](#) the third week of October.

Estate planning is a very important component of everyone's financial plans, regardless of the size of their estate. It's the only way to control what happens to your assets when you become disabled or pass away.

Estate planning is one of the most overlooked areas of personal financial management. It is estimated that over 120 million Americans (that's half your family and friends, business associates, and prospects) do not have up-to-date estate plans to protect themselves and their families in the event of sickness, accidents or untimely death. This costs the affluent, the middle class, those just starting out and those not financially fortunate, many wasted dollars and hours of emotional hardship each year. This can be minimized with proper and effective estate and financial planning and appropriate action.



Unfortunately you can't just talk about estate planning, because verbal agreements aren't legal. You and/or your attorney need to put your wishes in writing and follow the proper formalities, or your documents may not be accepted.

If you are married (with a solid marriage), it may be a good idea to get parents and adult kids involved in the process.

Here's how to save time and money on legal fees, how to get your estate planning house in order and find tools for keeping it current over your lifetime:

1. Gather personal and financial information

By spending a little time here you can save money and several hours of your attorney's billable time

- List full names and contact information for immediate family members.
- List current financial advisors.
- List assets and liabilities at current values.
- Identify how title is held for each asset.
- Gather retirement plan beneficiary statements.
- Summarize current annual cash flow.
- Gather employment benefits statements, life insurance policies, deeds to real property, partnership and business agreements, the past two years' income tax returns, any divorce papers, premarital agreements, existing estate plan documents, and any other such documents.
- Footnote any oddities, questions, concerns and thoughts.

2. Write out personal goals and objectives

Outline what's important to you.

- Identify people you want your assets to go to when you pass away. Specify how much, what percentage of assets, or which specific assets go to each person or charity. Take note of the special needs of any beneficiary, such as a disability preventing work or an inability to manage money, and identify backup beneficiaries for retirement plans and life insurance in case the first choice does not survive you. If you don't have strong feelings about certain in-line-family members, consider selecting a favorite charity or "cause" to be your primary or alternative selections.
- Also consider the timing for distributions to designated recipients. Some beneficiaries can handle a large, lump-sum distribution. Others, such as children, benefit from distributions that are spread out over time, or permanently in a special needs trust.
- Identify guardians or the person to raise minor children should both you and your spouse die or become incapacitated. Also, select guardians of the property to handle children's inherited assets; they are different appointments but can be the same or different selection. Don't forget to identify backups as well.
- Identify executor(s) and trustee(s) to carry out your wishes after your death. You'll need an executor to administer the will, and if you have trusts, you need to name a trustee(s) to manage them.
- For each position, come up with several choices, because you don't know who will be willing and able to serve when the time comes. Consider selecting two or, for larger estates, three trustees as a check-and-balance system.
- Identify other decision-makers to carry out health and money choices if you are incapacitated.
- For special needs and concerns, list any sensitive family circumstances or concerns you have that may affect planning, such as prior marriages, ill parents, troubled kids, etc.
- If you are a business owner, outline your thoughts as to what will happen to the business should you become sick and are unable to manage it; or when you pass away.
- If in 2016 you have a net worth over \$5.45 million as an individual, or \$10.9 million as a couple you may have exposure to federal estate taxes at your death(s). There are advanced estate planning strategies and techniques that may significantly reduce or eliminate these taxes, but you will need proper sophisticated tax and estate planning legal advice.
- Note any questions, concerns and ideas you might have. If you are not sure about your plans, talk them over with a professional financial advisor who specializes in estate planning. This could be an Attorney, Accredited Estate Planner® (AEP®), Certified Financial Planner®(CFP®), Certified Public Accountant (CPA), Certified Public Accountant/Personal Financial, Specialist(CPA /PFS), Certified Trust and Financial Advisor (CTFA), Chartered Financial Consultant®(ChFC®), Chartered Life Underwriter® (CLU®), a trust officer or another appropriate qualified estate planning professional.

3. Seek out the right attorney

An attorney is the only one who can draft the legal documents necessary to put an estate plan into effect. Due to the complexity and importance of these documents, **DO NOT** try to do it yourself, and make sure you retain a qualified estate planning attorney to draft the appropriate documents. Identify several attorneys who specialize in estate planning by getting referrals from your AEP, CPA, CFP/PFS, CFP, ChFC, CLU, trust officer, banker, financial advisor and/or friends. Contact several of the suggested attorneys that you feel most comfortable with and ask them

1. How many wills and trusts they prepared for people with a similar net worth as yours over the last year; over the past 10 years?

2. Do they also handle estate administration after someone dies; to see whether they're familiar with issues following a death?
3. What's your estate plan going to cost? How do they charge? Will they provide you with an engagement letter? Estate planning attorneys are specialists who can charge hourly rates of \$100 to \$500 or more, while others charge a flat fee for document preparation.
4. Find out if they provide an introductory meeting with you, and if appropriate your financial advisor, at a reduced or no charge.

Make sure you are comfortable with the attorney, as he or she will be asking thought-provoking questions and discussing your personal affairs and wishes.

Having an up-to-date estate plan may include but is not limited to:

1. Learning about estate planning
2. Having properly drafted estate planning documents that are current and up-to-date
3. Keeping your beneficiary selection for your life insurance and retirement plans current
4. Keeping title to your various assets current with your estate plan documents
5. Annually preparing a listing of your assets and liabilities, along with a copy of all your year-end statements for your financial accounts and loans.
6. Exploring and as appropriate using advanced estate planning techniques and tools as your estate grows near and beyond the federal estate tax exclusion.
7. Annually talking with your executor/trustee and family, and if appropriate your attorney and financial advisors, about your estate and financial plans.
8. Annually reviewing your estate planning goals and objectives, and if appropriate, updating your estate planning documents.
9. Preparing and annually updating a location sheet as to where you keep your estate planning and financial documents; names and contact information of appropriate family, friends, and advisors; and providing a copy to your executor/trustee and attorney.
10. Developing your own personal philanthropic and legacy plans.

Supporting improving financial awareness and financial literacy is a winning opportunity for all

With more than half of our adults lacking up-to-date estate and financial plans to protect themselves and their families, and with so many people on verge of running out of money during their lifetimes, and with so many families burdened by large student loans and other forms of debt, we have a serious problem. This lack of financial awareness and financial literacy places a HUGE growing amount of pressure on families and friends, employers, nonprofits; as well as the government.

In the spirit of improving financial awareness and financial literacy we welcome your support and active participation in [The Improving Financial Awareness & Financial Literacy Movement & Campaigns](#) with a growing concentrated personal finance content media blitz built around the strategic venues of:

- [National Financial Literacy Month](#) in April, and six months later during
- [National Estate Planning Awareness Week](#) 3rd week in October (17-23)

You can start by circulating this important estate planning feature column to your family and friends, fellow workers, employees, and business associates. You might ask “**Who benefits from this undertaking?**”

What a great opportunity for you to create goodwill while performing a very important and valuable community service.

- You benefit by being recognized as a thought leader that is significantly helping to solve a major social problem.
- Families benefit by learning the essential principles to smart financial management; it empowers them to make better informed productive everyday financial decisions, save time and money with their financial advisors and service providers, and have the best possibilities to reach and maintain their personal and family financial dreams, to enjoy a financial secure debt free future, while they advance their legacy.
- Employers benefit from having employees who are less stressed, happier and more productive.
- Nonprofits and fundraisers benefit with increased donations, planned gifts, alternate beneficiary selections and bequests.
- Philanthropists benefits by helping to solve a major social problem that leads to a better world.
- Universities benefit by having alumni, faculty and staff who are less stressed, happier and more productive and more philanthropic.
- The news media benefits by providing its audience with timely valuable information.
- Financial service professionals and their organizations benefit by acquiring new business from more informed and motivated clients.
- Municipalities benefit by having happier and financially successful constituents, and a reduced strain on social welfare services.
- Everyone actually benefits with a stronger and financially sound economy.

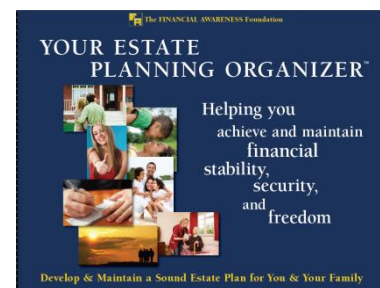
To learn more about the **Improving Financial Awareness & Financial Literacy Movement & Campaigns** and see what others are doing, including 23 State Governors signed supporting proclamations, that's up from 11 the year before, by reviewing the latest [Improving Financial Awareness & Financial Literacy Campaign Report & Magazine](#). And consider being a volunteer yourself.

Conclusion and free gift

Communicating about where you keep your financial and estate planning information is a finishing touch to every estate plan.

Free gift. In the spirit of improving financial awareness and financial literacy, here you can download a complimentary digital version of the 2016 **Your Estate Planning Organizer™**.

All the tools you need to better organize, plan and manage your estate plan over your lifetime. Helps you develop and maintain a sound estate plan for you and your family. Organizing financial information is challenging for most of us. **Your Estate Planning Organizer** streamlines the estate planning process, helping you prepare your estate plan in a quick and easy manner saving you time and money. Click on the book image at right for more information.



Wishing you much success and all the very best,

Valentino

About the Author

[Valentino Sabuco, CFP®, AEP®](#), is the Executive Director and Publisher of [The Financial Awareness Foundation](#), (TFAF), a 501(c)(3) nonprofit located in Sonoma County California. Valentino has pioneered the financial planning profession for over 40 years. TFAF serves as a nonpolitical “financial awareness advocate” for the general public, financial service and nonprofit professionals and their organizations, educational institutions, municipalities, and employers. Our mission is to significantly help solve a major social problem by dealing with the lack of financial awareness and financial literacy. We believe that teaching financial awareness, financial literacy and the essential principles to smart personal financial management are very important as this gives people the tools of empowerment to: make better informed and productive everyday money decisions; save time and money with their financial advisors and service providers; have the best opportunities to reach and maintain their personal / family financial dreams; enjoy a financially secure debt free future; while they advance their philanthropy and legacy. Valentino can be reached at V.Sabuco@TheFinancialAwarenessFoundation.org or (707) 586-8620,

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