



## Wealth Planning Report

# Estate Planning: Don't Forget Your Pet!

If you are part of the 68 percent of U.S. households that own a pet,<sup>1</sup> you probably think of it as a true member of the family—one you love and cherish. But what would happen to that cherished family member if you died suddenly? Have you taken any steps to ensure the family dog, cat, horse or other animal will be well taken care of if it outlives you?

If not, it's probably time to think about how to make your treasured pet part of your estate plan. Even if you do have a plan, it might make sense to review and revisit it to ensure it's still on track and works the way you want.

Here are some key steps to take and resources that can help.

### Getting started

To get the ball rolling, begin with these steps.

- 1. Determine your intentions and wishes.** Decide how you would want someone else to care for your pet. Do you have certain expectations or wishes around their care—types of food you want (or don't want) your pet to eat, preferred vets, etc.? You'll need to be clear about your wishes and put them in writing in order to communicate them to your chosen caregiver after you are gone.
- 2. Identify a caregiver.** Who will take responsibility for your pet after you're gone? A good pet guardian is someone you believe will be as good to your pet as you. Be sure the candidate is willing and able to be the pet guardian and take on the duties you expect them to take on. Discuss with any candidate your expectations for care and whether they're in agreement (or whether you're willing to compromise in certain areas). If there is no person in your life who can help, consider a humane organization that can look after your pet.
- 3. Consider the financial aspects of pet care.** Make sure you and the future pet guardian understand, as best as possible, the likely costs of pet care (more on that below). Does your pet eat special food that

costs significantly more than grocery store options? significantly more than grocery store options? Does it have physical health issues that need attention, medication or professional care? Is the pet a type of breed that is known for encountering health problems later in life, and how much might it cost to treat such problems? Answering questions like these now can help ensure that everyone involved in caring for your pet is clear about what may be required and has sufficient resources.



*Sydney, an inherited dog with a loving care trust.*

### Creating A Formal Plan

Don't just rely on verbal agreements with a chosen guardian. Instead, make a formal, written plan that spells out all the key aspects—from who will be involved, to what the care expectations are, to how to pay for the care (and caregiver). The reason: Formal plans can be enforceable.

Under the law, animals are property—like a sports car or antique chair—so you cannot leave money directly to your pet. That leaves you with three care options:

- **Pet care agreement.** A pet care agreement is a contract you make with another person who has agreed to care for your pet in case of your death. This type of formal agreement will be enforceable.
- **Pet trust.** A pet trust is also a legally enforceable arrangement that helps ensure your pet care wishes



Fiona, who's future care is planned.

are honored. As with the pet care agreement, you will need to identify a willing and able pet guardian. But you will also need someone to administer the

trust—a trustee. That person may or may not be the pet guardian. A separate trustee can add a layer of protection because he or she can check in on the well-being of your pet and ensure that the money allocated to pet care is being used properly. Warning: Your pet trust must comply with your state laws.

- **Will bequest.** Your will determines how your assets will be divided and allocated after you die. Because a pet is considered property, as noted above, your will can stipulate who becomes its guardian and the amount of money that will be set aside for its care. And as with a pet trust, make sure the pet provisions in your will work in your state.

1 Source: Insurance Information Institute, *Facts + Statistics: Pet Statistics*.

## Financing your pet's care

It is often essential to provide the funding for the care of your pet after you're gone. Thus, you need to calculate the amount needed for the care of your pet in the manner you prefer. Some considerations include:

- The cost of caring for your pet and a pet's long life expectancy. Some pets such as macaws and cockatoos can live more than 50 years.
- Medical costs as pet ages, including surgical needs.
- Compensation (if any) for the caregiver for his or her efforts, and allowances for temporary boarding.

**Important:** If the pet dies and there's money remaining—in the pet trust, for example—you'll want to specify where those funds go. Often we see trusts set up to pass the assets to the guardian or to an animal welfare organization or other animal-focused charity.

## Plan now

You don't have to be extremely wealthy to do some basic (or even advanced) estate planning that involves your pet. Those who see their dog, cat or other animal as a beloved family member should consider taking steps to ensure it will continue to get the love and attention (and treats) it has become so accustomed to.

This is an executive summary of our report.  
For a complimentary copy of the report, call or email us.



**Paul Byron Hill**, MBA, MFP, MSFS, ChFC®, CFP® is an internationally recognized Wealth Management Certified Professional,™ Financial Educator and CEO, written about in *Fortune*, *Forbes*, and *Money*, among others. As co-Author of *Retire Abundantly*, Paul has been interviewed by James Malinchak, of ABC-TV's hit series, *Secret Millionaire*, and been interviewed by Dimensional Fund Advisors for their "Value of an Advisor" series. Reuters recognized Paul as one of 500 "Top Advisers," and featured him on their AdvicePoint website homepage as a fee-only advisor.

Paul founded Professional Financial Strategies, Inc. in 1993 as one of the first independent financial and wealth planning advisory firms for affluent and aspiring families. Paul and his firm act as a personal chief financial officer for clients, bringing together a distinctive wealth management process and a network of experts that help families make smart decisions about money for investing wealth, mitigating excessive taxes, protecting assets from unjust loss, and making a real impact in passing a secure legacy to people they love and causes they care deeply about that make a difference in their community and in their world.

Paul earned pioneering designations as a Certified Financial Planner (CFP®), and ChFC® (Chartered Financial Consultant). A graduate with distinction from the University of Rochester, Paul earned an MBA in Finance from the Simon Business School. His professional education includes MFP (Master of Science in Financial Planning) and MSFS (Master of Science in Financial Services). Finally, Who's Who first presented Paul in 2018 with the Albert Nelson Marquis Lifetime Achievement Award.

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