

UNDERSTANDING YOUR ESTATE

CRITICAL ELEMENTS OF
AN ESTATE STRATEGY



Welcome!

My name is Barry Giske, and I help women going through a life transition - divorce, death of a spouse, career change, or retirement. Using my S.W.A.N. system, they avoid costly mistakes, secure their financial future, and start sleeping well at night. The essential part of the S.W.A.N. is creating your key estate strategies.



One of the biggest mistakes many people make is they don't document their wishes and have no basic estate plan

I am glad to share with you this complimentary Understanding Your Estate e-book. It will guide you on the key elements of basic estate strategy.

Before setting up your estate, consider working with a professional who is familiar with your specific situation and the dynamics of your estate.

Your legacy and your financial security - it is up to you!

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Do you want to protect the wishes you have for your legacy?

Taking time to create estate strategies helps put your finances in order and may also save you money. By documenting your desires and goals, you create a legal framework that the courts, your executor, attorney, and your family can follow to settle your estate. Without estate planning strategies, your loved ones are at risk of probate, a lengthy and expensive process.¹

First, you should ensure that your executor respects and upholds your goals, values, and wishes for your legacy and your estate. Second, you should educate yourself on some crucial details of your estate planning strategies.

KEY ELEMENTS OF AN ESTATE STRATEGY

1. WILL

A Gallup survey found that 55% of American adults don't have a will. It is unfortunate because a will can be one of the key elements of your estate.²

The will is a critical legal document that outlines the following:

- everything you own (your assets)
- how you want to distribute your assets
- who is to care for a minor if you die

A will is also essential for business owners to efficiently transfer their assets.

If you don't have a will, your loved ones are at risk of the court's expensive and lengthy probate process.³

WILLS CAN BE CONTESTED

As crucial as wills are, they have their shortcomings.

Even though a will is a legally binding document, a person can contest it. The probate court will send out a notice of the will to everyone who might contest it. If someone wants to do it, it can be a potentially lengthy probate.

Once probate is in place, all details become a public record - anyone can find out how much is in your estate and to whom you left your assets.



2. LETTER OF INTENT

After your will is in place, another essential document for your estate planning is a letter of intent. If a will outlines legal directives, a letter of intent gives a more personal voice.

A letter of intent is not an official legal document and also cannot override your will. However, a letter can work in concert with your other estate documents.

You can update your letter of intent several times a year to reflect any changes since the last check-in. Also, the more people involved in your estate who might have a copy of that letter, the better. You should give its copies to your spouse, children, closest friends, and an executor.⁴



WHAT DOES YOUR WILL DO?⁵

- NAMES AN EXECUTOR
- NAMES GUARDIAN FOR MINOR CHILDREN
- DIRECTS HOW TO DISTRIBUTE YOUR PROPERTY
- GOES THROUGH PROBATE

LETTER OF INTENT INCLUDES:

- COMPLETE LIST OF ALL ASSETS, INCLUDING ARTWORK AND INVESTMENTS
- ESTIMATES OF YOUR ASSETS' PRESENT MARKET VALUE
- WISHES FOR PASSING DOWN HEIRLOOMS
- FUNERAL INSTRUCTIONS
- LOCATION OF TITLES/DEEDS FOR ANY REAL ESTATE PROPERTY
- CHARITIES YOU WANT TO SUPPORT

HOW LETTERS OF INTENT HELP

INFORM PROBATE JUDGES. The letter clarifies your intentions to a judge if any questions arise.⁶

BACK UP INVALID WILLS. Courts sometimes can find a will to be invalid. If this happens, the letter of intent can help to confirm how you want to distribute your assets.⁷

HELP IN A MEDICAL EMERGENCY. In case of an accident or any unforeseen event when you are unable to express your wishes, the letter of intent can give the answers and perspective you need to share with others.⁸

3. POWER OF ATTORNEY

In general, a power of attorney is a document authorizing someone to handle financial and legal decisions if you become incapacitated. It doesn't have to be an attorney and can be anyone you trust - a family member or a friend.

You can designate a few people as power of attorney for different responsibilities.⁹

Your power of attorney will go into effect if you become incapacitated or, in any event, that you have indicated. A person who is your power of attorney doesn't have to go through any additional legal proceedings.

Since the power of attorney laws are state-specific, make yourself familiar with your state-specific regulations.¹⁰

POWER OF ATTORNEY DESIGNATIONS

GENERAL POWER OF ATTORNEY

An agent under this agreement can serve any and all needs, as your state allows, such as signing checks, selling property, and more.

LIMITED POWER OF ATTORNEY

An agent under this agreement can serve specific legal needs for limited timeframes. For example, you can choose to designate a family member to manage only your retirement assets for a few years.



Durable Power of Attorney for Health Care Decisions

4. HEALTH CARE

Sound estate planning should reflect your health care needs to be prepared for any medical emergency. When you cannot care for your estate, there are designated individuals to manage your responsibilities.

To include medical care needs in your estate plan, you should organize different legal documents, including:

LIVING WILL. A living will provides specific instructions for your medical care if you become incapacitated. It will go into effect immediately after your incapacitation and doesn't require any additional legal proceedings.¹¹

DURABLE MEDICAL POWER OF ATTORNEY. It authorizes someone to make medical decisions on your behalf. It doesn't require any additional legal proceedings.¹²

HIPAA RELEASE CLAUSE. The federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 protect your medical information confidentiality. You'll allow medical facilities to release your details to your health care proxy by signing a release approval.¹³

5. SECOND & THIRD MARRIAGES

Interestingly, 40% of new marriages in the U.S. include a spouse married at least once before. As a result, those Americans must plan for second or third marriages, and it should be an essential part of their estate strategy.¹⁴

The difference between first and second marriages is that the first marriage builds a new foundation for your estate's needs. The second or any subsequent marriage creates additional layers of complexity. You might have kids from your first or second marriage and new assets. If you don't put in place the estate strategy for your second or third marriage, you can find yourself at legal risk if something happens.

COMMON ESTATE NEEDS TO CONSIDER WHEN REMARRYING:

PRENUPTIAL AGREEMENT

Prenuptial agreement may have a bad rap but can be a critical estate strategy when remarrying. This legal document is one of the only ways to prove who owns certain assets within a marriage. It also allows you to see financial protections for your kids if a spouse dies. Prenuptial agreement laws can vary state-by-state. So be sure to check your state requirements.¹⁵

UPDATED LEGAL DOCUMENTS

Once you remarry, your estate documents may need to be updated. You should look over your will, powers of attorney, trusts, and health care directives. You also should include your new spouse as needed.

BENEFICIARY CONSIDERATIONS

You may need to update your beneficiary list to have your new spouse if you want them to inherit specific assets. Be careful since they can list their own beneficiaries after you die so that your children can be excluded as beneficiaries.¹⁶



6. GUARDIANSHIP DESIGNATION

If you have children, you should address their needs in your estate plan, including having a legal guardian. A legal guardian is a person who will raise your kids if you and your spouse can no longer care for your children. You may also want to name a backup guardian as an additional¹⁷ safeguard.

DIFFERENCE BETWEEN GUARDIAN AND TRUSTEE

Both guardians and trustees can provide care for your children - they are one and the same. A guardian specifically serves in a custodial role and can:

- provide ongoing care and guidance for children
- make choices such as where they go to school and what they eat for dinner

On the other hand, a trustee is a financial guardian who helps your children with money matters, like receiving their beneficiary payments and paying their bills.¹⁸

7. TRUSTS

Trusts can be another powerful estate management tool to effectively handle your assets and their distribution to your heirs.

A trust is a legal entity that can own property. Properly structured trust completely avoids probate and related expenses and delays.

Trusts are not a matter of public record, and they are a great tool to maintain your privacy.¹⁹

Even after your death, trusts can provide some measures of control over how assets are distributed to your children and other beneficiaries. In addition, trusts can be much more difficult to contest than wills.

Note that trusts are governed by a complex set of tax rules and regulations. Before moving forward with a trust, you should consider working with a professional who is familiar with these specifics.

FEATURES OF A TRUST

- AVOID PROBATE
- ARE NOT PUBLIC RECORD
- SUPPORT EFFECTIVE MANAGEMENT & DISTRIBUTION OF ASSETS
- PROVIDE SOME CONTROL OF BENEFICIARIES
- ARE DIFFICULT TO CONTEST



7. ACCOUNTS AND PASSWORDS

If you were to pass away suddenly, would your executor and family members know how to access all your accounts? Would they even know all the accounts you own?

Chances are, probably not. Over half of Americans store their online passwords in their heads. The majority of people aren't preparing their executors to access their accounts.²⁰

CONSIDER TRACKING THE FOLLOWING CATEGORIES

EMPLOYMENT BENEFITS

If you receive health care or retirement accounts through your employer, you may want to capture these details for your estate executor. Also, include your human resources contact for this benefit.

FINANCIAL ACCOUNTS

You should gather all the account details connected to your assets. It can include:

- investment accounts
- credit cards
- safety deposit boxes

ONLINE ACCOUNTS

Your online life may require management from your executor and loved ones to settle your estate. Be sure to list your account login credentials for all accounts, from social media to online streaming channels.



RESOURCES:

- 1 TheBalance.com, 2020
- 2 Gflup.com, 2020
- 3 TheBalance.com, 2021
- 4 Investopedia.com, 2021
- 5 Investopedia.com, 2019
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- 19 Investopedia.com, 2020
- 20 DigitalGuardian.com, 2020

WANT TO LEARN MORE?



**LET'S CHAT TO SEE WHAT WORKS
FOR YOUR UNIQUE SITUATION**



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