

# Prepare your estate plan

An estate plan helps you ensure that your wishes with respect to your health, wealth and other personal matters will be fulfilled upon your death or if you become incapacitated. Your financial, legal and tax professionals can help you make decisions and avoid uncertainty for your heirs.

Your estate planning strategy must account for your personal circumstances, including the size of your wealth, where you reside and how you want your assets distributed. Your decisions for the future can have implications for your family and heirs so it is important to involve professionals with expertise in financial, legal and tax matters.

Refer to the checklist below as you create your estate plan and whenever you revisit your decisions due to a life change such as marriage, divorce, parenthood, a new home, retirement, illness or death of a family member. Even if you don't experience these life changes, it is still a good idea to review your estate plan at least once every couple of years.

## Estate planning checklist

- Ask your attorney to help you understand probate and its implications for your wealth.
- Assign legal roles to people you trust, including an executor and, if necessary, a trustee and/or guardian.
- Consult a tax professional to understand how federal and your state's tax laws could impact the transfer of your wealth.
- Work with your attorney to prepare the legal documents you need. Store them in a place where they will be safe in the event of a fire or flood. Tell someone you trust where they are located.
- Work with your financial professional to ensure your account registrations and beneficiary designations are aligned with the wishes you've stated in your plan documents.
- Inform key family members/friends about your estate plan.

## Documents you may need

**Last will and testament.** Expresses your wishes with respect to your property (money, home and other assets) after your death. It identifies the executor of your estate and how you want your assets distributed (i.e., who will get what).

**Durable power of attorney (POA).** Designates another person to represent your interests and act on your behalf for as long as you are alive. As a 'durable' POA, it remains in effect if you become incapacitated or otherwise incapable of making or communicating decisions. There are two types of durable POAs: **Property**, which relates to your monetary interests and assets, and **Health Care**, which relates to medical decisions on your behalf.

**Advance directive.** Informs of your prearranged medical decisions in the circumstance that you are unable to communicate.

**Patient authorization.** Authorizes a health care provider to disclose health and personal information to the individuals you appoint.

**Appointment of agent to control disposition of remains.** Appoints a person to take responsibility for your remains. This may be included in a will, or it can be a separate document.

**Declaration of guardian.** Names a person who will be the guardian of the person (you/your dependents) and/or estate in the event of your incapacity or disability. This may be included in a will, or it can be a separate document.

## Put your love in writing, too

Your legal documents provide your survivors with clear direction regarding your wishes. Consider leaving them something sentimental as well. For example, write a memoir of your life or personal letters to your loved ones and place them with your legal documents so they will be discovered at the right time.

If you'd like help getting started, try these writing prompts:

- What has it meant to you to be your child's parent, or to spend your life with your significant other?
- Describe special attributes of each family member.
- Share your wisdom or valuable advice.

## Avoid common mistakes

- Not having a will or not aligning the wishes stated in a will with beneficiary designations, asset registrations, etc.
- Not reviewing documents and beneficiary designations after a major life change or at least once every couple of years. For example, an individual who fails to revisit their estate plan after divorce may inadvertently leave everything they own to their ex-spouse.
- Not having a succession plan for a business you own.
- Not having a durable POA in place should you become incapacitated or incompetent.
- Choosing people to serve as executor, trustee and/or guardian without thorough consideration of their capacity to perform the duties.
- Failing to address citizenship matters. For example, residency, domicile and citizenship can have major tax implications and adverse consequences without thoughtful planning.
- Not ensuring beneficiary designations specify your intention that assets be distributed 'per capita' or 'per stirpes' in the case that a beneficiary predeceases you.

## Definitions

**Executor:** The person you authorize to carry out the wishes you state in your will, which includes distributing your assets, paying your debts, filing your tax returns and other duties relating to your estate.

**Guardian:** The person you appoint to be responsible for the care of your dependents if you are unable. The role of guardian is often filled by a close family member but may also be a hired professional.

**Per capita:** A beneficiary designation that indicates that if one of your heirs predeceases you, their inheritance should be redistributed to your remaining heirs.

**Per stirpes:** A beneficiary designation that indicates that if one of your heirs predeceases you, their inheritance should be passed through to their heirs.

**Power of attorney (POA):** The authority you give someone to act and make decisions on your behalf while you are alive. Note that a 'durable' POA remains in effect even if you become incapacitated. A POA that is not durable ends if you become incapacitated.

**Probate:** The court-supervised settlement of an estate. Not all estates and not all assets are subject to probate.

**Trustee:** The person you appoint to serve as a fiduciary to manage your trust assets and carry out the purpose of your trust.

## Peace of mind is priceless

Creating an estate plan may sound like a lot of work, but your financial professional can help you through the process. Once in place, you and your loved ones can feel confident that your wishes will be fulfilled.

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231968T-0923



USWAM1023U/S-3145975-2/2