The Ultimate Estate Planning Guide

HADDON TOWNSHIP GROUP
of Oppenheimer & Co. Inc.

An estate plan is a collection of documents that protects your assets, personal property and outlines how you want them to be passed down. The ultimate goal of creating an estate plan is to protect both you and your family. Establishing a plan early and updating it over your lifetime will help you feel more confident about your future and the legacy you will leave behind.

Many individuals put off creating an estate plan because they don't know where to begin, and may feel overwhelmed by all the different components. This guide offers you a step by step process to ensure your legacy will be carried through according to your objectives.

Here are a few things to consider when establishing an estate plan:

Building a team

As your Financial Professional, I will work with your accountant and attorney to develop a plan that is custom tailored to your specific goals.

Identify the individuals you want to provide for

Identify the family members and friends you want to provide for and pass your legacy to. Think about any charities that are important to you.

Create an inventory of valuable property and sentimental items you would like to pass to loved ones

Your estate plan should include all your property and assets and which heirs should receive them. Also take the time to designate any sentimental items. Even though these items may have little to no monetary value, they can often cause the most contention among family members. It is important to take the time to allocate these items accordingly in your estate plan.

An estate plan will also determine what assets go through the probate process. Probate is the legal process of distributing and settling an estate according to the law, and is required to implement the provisions of your will. There are assets that are not controlled by your will such as retirement accounts, annuities and life insurance. For these assets it is important to ensure that beneficiary designations have been assigned and are up to date so the assets are transferred to your preferred heir(s).

Address nonfinancial issues

If you have minor children, have you considered who will be their legal guardian should something happen to you and your spouse? You should also consider who will be responsible for your care and who will manage your assets if you were to become incapacitated.

To help you start the process of creating a well thought out and comprehensive estate plan follow this checklist.

Draft a will and ensure it is up-to-date

Passing away without a will, known as dying intestate, means the state will determine how your assets get distributed and to whom. When drafting a will it is important to:

» Name guardians and back-up guardians for minor children

» Define who will provide care for children, as well as provide financial support; they may be different individuals

» Account for all property and important possessions, and document who should receive what

» Name an executor of the will and a contingent executor, in the event the executor can no longer carry out their duties

» Hire an estate planning attorney to create the will and ensure it is signed in the presence of a witness(s)

Gather all important documents

- Personal identification documents: passport, marriage license and birth certificate
- Health care documents: HIPAA authorization and advanced health care directives
- Important tax documents
- Bank and investment account information
- Current insurance policies
- Real estate titles or deeds
- Divorce documents
- Last will and testament
- Trust agreements
- Any outstanding debt
- Recurring bills
- Vehicle titles
- Other assets such as jewelry and collectables
- Draft a letter of instruction for your heirs and executor
  » Create a list with instructions on where to find all of the documents above. Also include online accounts and passwords. Include contact information for relatives and friends and any other pertinent information your executor should be aware of.

Name an advanced health care directive

If you do not have a designated medical care power of attorney, the court will make medical decisions on your behalf should you become incapacitated. When you establish an advance health care directive, you name one or more individuals to direct your medical decisions if you are unable to do so. It will also outline your preferences for medical treatment and care. When appointing someone, consider the following:

» They should be reliable

» They should be able to communicate your wishes to your doctor

» They should feel comfortable standing by your wishes if there are conflicting opinions from other family members

Also consider appointing someone to act on and handle your financial matters should you be unable to do so.

Elect beneficiaries for qualified retirement accounts and life insurance policies

These accounts will avoid probate so it is important to elect beneficiaries and ensure they are up-to-date.

Consider using a living trust

A living trust or revocable trust permits assets owned by the trust to avoid probate when passing to heirs. This type of trust has flexibility and can be changed or revoked at any time while the owner is alive. It can be a powerful planning tool as it avoids probate, and can help minimize federal estate taxes.

Consider your philanthropic goals

Charitable trusts can be utilized to give back to a cause that is meaningful to you.

Determine how much life insurance you need and the right type of policy for you

Life insurance is traditionally used to provide a death benefit to heirs. It can also be used to meet other future planning needs such as paying off debt, equalizing inheritances, covering education costs, retirement funding and passing assets to a charity.

Consider owning your life insurance in a trust

A life insurance policy owned by a trust will ensure the proceeds are distributed according to your wishes. It will also distribute your assets privately. If you do have estate tax concerns, the proceeds of a life insurance policy owned by a trust will be distributed outside of your taxable estate.

If you own a business do you have a succession plan?

A business succession plan is a document outlining who will take over the business upon the owner's retirement, death or disability. A well thought out succession plan will benefit the departing owner, the business, its employees and the successor.

Do you have a buy-sell agreement?

A buy-sell agreement is part of a succession plan and allows a retired, disabled or deceased business owner to sell their share of the business. It also affords the co-owners or the business entity the ability to maintain the option to purchase the interest from an existing owner in order to restrict outsiders or undesirable business partners from becoming owners.

Create a final expense plan

Take into consideration the expenses your family would incur should you pass away, and those that would continue after your passing. Ensure that your estate plan will cover these costs.

Review your plan

Life events will happen, and when they do, updates to your estate plan should be made accordingly. If any of these items have changed, it is important to update your plan.

- Marital status of you or any family members
- Birth of a child or grandchild
- An illness or disability of you or a family member
- Financial concerns of any family members
- Gifts or loans to family members not in your existing plan
- Updates to a business such as valuation, new sales ventures or succession plan
- The overall value of your estate
- Moving, purchasing or selling a property
- Death of a family member, friend or beneficiary

Following this guide will help ensure that you and your family have a secure financial future, and that your estate will be handled in the way you want it to be. Involving family members in your planning now can create a seamless transition and avoid them needing to make important decisions during a difficult time.

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Website: www.oppenheimer.com/haddontownshipgroup

Source: https://www.retirementwatch.com/the-ultimate-estate-planning-checklist-and-guide

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