



Estate Planning Tools

By Patricia Lampert

Planning. It's an important part of nearly everything we do in life. And if we're smart, it'll be part of what we do before we die. Planning for your eventual death means finding answers to such questions as:

- How can you reduce your estate tax liability and avoid the costs, delays and publicity of probate?
- How can you help ensure that your assets will be distributed according to your wishes?
- Who should make financial and medical decisions in the event you become incapacitated?
- Answering such questions in advance is more than just being considerate – it's important to the people who depend on you: your family, your employees, and your customers.

Wills and Trusts

Wills and trusts are two of the most popular estate planning tools. Both allow you to spell out how and to whom you want your property distributed, but both can also go well beyond that.

A properly drawn will lets you determine how your property will be distributed, and it gives you the opportunity to select an individual who will oversee that your wishes are carried out – your executor. Through your will you can also name a guardian for your minor children – a decision you, and only you, should make. If you die without a valid will, or if you fail to make such designations through your will, the decision will probably be left to the courts. Bear in

mind that property distributed through your will is subject to probate, which can be costly and time-consuming. What's more, probate is public process. That means that anyone, even if they aren't related to you, can see how and to whom you left your estate.

Trusts differ from wills in that they are actual legal entities. Like wills, trusts spell out how you want your property distributed. But trusts go a bit farther, letting you decide not just how, but when and in what form, your estate, or the income it earns, is distributed. Trusts also give you the added advantages of professional property management and avoidance of probate.

Durable Power of Attorney

Incapacity brought on by sickness or age can pose as big a threat to your financial well being as death. A durable power of attorney is a legal agreement that enables you to designate who will make any legal and/or financial decisions should you become incapacitated. Unlike a standard power of attorney, a durable power of attorney remains valid even if you become incapacitated.

Health Care Proxies and Living Wills

Similar to a durable power of attorney, a health care proxy is a document that lets you designate someone who is authorized to make health-care decisions on your behalf, decisions involving medical facilities, surgery, and more. Take the utmost care when choosing someone to give this kind of authorization. A living will is a related document that spells out the kinds of life-sustaining treatment you will (or will not) permit in the event of your incapacity. And you may use a living will in conjunction with a durable health-care power of attorney.

Final Thoughts

If you've been putting off this important planning until a later time, consider making the time now. You, and everyone who depends upon you, will be glad you did. Keep all of your important financial and legal information in a central file for your executor. Be sure to include: letters of last instructions, medical records, bank/brokerage statements, income and gift tax returns, insurance policies, titles and deeds, wills and trust documents. □



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