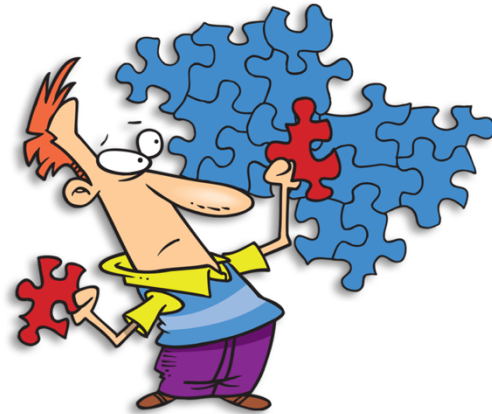


Why Do I Need an Estate Plan?

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What will happen to your portfolio after you've passed away? What about the classic car you've babied in the garage? Many of us accumulate a lifetime's worth of treasured possessions that we hope to pass down to our loved ones when we're no longer around. Whether you have a modest or sizable estate —having an estate plan in place is a crucial step when planning for your future. After all, you've worked hard to build your wealth, and your assets and personal items may hold significant sentimental and financial value. Where will it all go when you're gone?

What Is Estate Planning?

Estate planning is the process of creating a plan for the distribution of your assets during your lifetime and after your death. This plan includes creating a will, setting up trusts, and assigning power of attorney to manage your affairs for when you can no longer manage them yourself. Estate planning can also help minimize the amount of taxes your estate will owe, allowing your beneficiaries to receive the maximum amount of your assets. There are four different components in an estate plan:

Will: A will is a legal document that outlines how you would like your assets to be distributed after your death. It also names an executor who will manage the distribution of your assets.

Trusts: Trusts are legal entities that hold assets for the benefit of one or more

beneficiaries. They can be used to manage assets during your lifetime or to provide for your beneficiaries after your death.

Power of Attorney: A power of attorney is a legal document that gives another individual the authority to act on your behalf in financial or medical matters. This is important if you become unable to manage your own affairs.

Health Care Directive: A health care directive is a legal document that outlines your wishes for medical treatment in the event you are unable to make decisions for yourself.

Why Is Estate Planning Important?

Estate planning is a crucial process that provides immense value both during your life and after you're gone.

During Your Life

Failing to create an estate plan can leave you vulnerable in the event of incapacitation. Without a power of attorney, a family member may be appointed to make medical decisions for you, which can cause relationship strain and even court battles as other family members may fight for the right to be appointed.

It is recommended to designate power of attorney when you're mentally capable to do so. This not only makes it easier for your family, but also ensures decisions are made in your best interest. For all aspects of estate planning, it's better to make financial and medical decisions early on to avoid confusion and conflicts down the line.

After Your Life

An estate plan allows you to be crystal clear about how you want your finances handled once you're gone. Without an estate plan, your assets and valuables may be distributed according to state law or, even worse, become the subject of a legal dispute.

Consider this scenario: A single parent with three children from multiple marriages passes away without an estate plan. One child believed they were entitled to a larger share of the estate than the other siblings, while the other two disagreed. This disagreement ultimately led to a contentious court battle, with each sibling hiring their own attorney, resulting in unnecessary costs and strained family relationships.

Even with an estate plan, an unclear or outdated plan can still create issues for family members. For instance, imagine that you've designated your family's beloved seaside cottage to be shared amongst your three children after you pass away. However, two of your children may want to sell the property, causing a family dispute that can lead to long-lasting turmoil. Similarly, what if your family felt slighted because you decided to leave a significant portion of your assets to an important cause rather than splitting the money equally amongst the children. Impossible, right? Wrong! These scenarios are

more common than you might think, as money has the power to bring out the worst in even the most kind-hearted individuals.

The Bottom Line

If you care about your loved ones, if you care about the causes you've supported for years, you will want to have a say in what happens to your assets when you're no longer around. That's where estate planning comes in — it gives you greater peace of mind and confidence that your wishes will be carried out.