Evaluating Your Estate Plan: Estate Planning Goals

Estate planning is a process. Estate planning is not a simple act of drawing up a will or trust document. Rather, estate planning involves the careful consideration and arrangement for the orderly transfer of assets at the time of death. But complete estate planning may include some lifetime decisions that will allow you to retain control of assets but also determine who will make decisions on your behalf should you be unable to do so in the future. Estate planning generally involves the drafting of a portfolio of legal documents intended to accomplish a variety of goals. Your estate plan should not be standardized, but individualized – based upon your unique goals and circumstances.

Estate planning is for everyone. Whether you are male or female; married, widowed, divorced, or single; middle class or wealthy; young or old – each individual and family benefits from the process of estate planning. If you own property, you need an estate plan. Depending on your life circumstances, the plan may be quite simple or very complex.

Motivations for estate planning: Most people engage in estate planning for both rational and emotional motivations. Commonly, individuals wish to provide for loved ones after death and ensure that their property is distributed in a timely manner. For many, the minimization of expenses and taxes is an important goal. However, estate planning is often guided by emotional motivations. It gives one a sense of comfort and security knowing that their loved ones will be provided for and that stress for those loved ones will be minimized because of pre-planning. Also, individuals feel a sense of peace when they know that their property will be distributed as desired.

Build an estate planning team: As you proceed through the steps involved in estate planning, you will build a team of professionals, which may include an attorney, accountant, insurance agent, banking or financial planning advisors, as well as spiritual advisors. But one of the most important steps you can make prior to meeting with these professionals is to consider and set estate planning goals.

What are estate planning goals? A goal is a general guideline or statement of what you want to achieve. During your lifetime, you accumulate property, both real and personal, tangible and intangible. As you begin the process of estate planning, it is extremely helpful to think about what you would like to have happen to those items of property, both during future stages of your life and after death. More than that, it is useful to think about what kind of legacy you would like to leave, both within and outside of your family.

Why set goals? Everyone has heard the expression (attributed to the Cheshire Cat in *Alice in Wonderland*), “If you don’t know where you’re going, any road will get you there.” If you attempt to articulate some estate planning goals, these guidelines will give focus to the process. You are more likely to get good advice from professionals who have an idea of what you want to achieve. Documents will be properly drafted and assembled. And in the long run, it is more likely that all your goals are achieved and your wishes are carried out.

How to set estate planning goals: A commonly-used acronym for writing goals of all kinds is to write “SMART” goals. This acronym stands for the idea that goals should be: Specific, Measurable, Achievable, Realistic, and Time-

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Oriented. The idea behind "SMART" goal-setting is to be as specific as possible. The more vague your goals are, the less likely anything meaningful will be accomplished. A few examples or explanations follow:

- **Specific:** "I want to leave gifts to charitable organizations" is not as specific as, "I will leave ten percent of my estate to the church of which I am a member at the time of my death, and ten percent to the college in my hometown."
- **Measurable:** "I want to provide for my loved ones" is not as specific as, "I want to leave a sufficient bequest that would pay for the college education of my three grandchildren."
- **Achievable:** Whether a goal is achievable, such as the goal to pay the cost of a college education for multiple children or grandchildren, must be measured against available assets – or whether the tools are available to achieve those goals (for example, life insurance).
- **Realistic:** It may be more realistic, depending on assets, to leave a bequest toward the cost of some college education, starting a business, or buying a home.
- **Time-oriented:** Some of your estate planning goals involve a time frame during which to start and complete the process. Avoid stating that, "I'll start my estate planning process this year" and instead give yourself specific deadlines to complete various tasks: "I will complete a written inventory of my assets by March 31 of this year."

Get started now: Do not be one of those individuals (or families) who fail to complete an estate plan. Start now by setting goals for what you would like to see happen with various items of property (real, personal, tangible, intangible) both during your lifetime and after death. Think about what you would like to see happen in terms of health care planning, asset planning, and your family farm or other business. Consider family relationships and the legacy that you would like to leave within your family and the community in which you live.

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Evaluating Your Estate Plan Worksheet: Transition & Estate Planning Goals

Before meeting with an attorney or others to discuss your transition and estate planning process, it may be helpful for you to think about and prioritize your goals. To get you started, a checklist of common estate planning goals is provided below. Most goals directly related to federal estate taxes are not included, even though planning for this tax can be a high priority in estates where the tax may apply.

On a scale of 1-10, with 10 being a critical objective and one being a minor objective, how would you rate the importance of each of the following typical estate planning goals for your estate planning process?

____ Assure a surviving spouse has enough money to live comfortably.
____ Protect surviving spouse or other heirs from the demands of managing money or operating a business.
____ Assure that all debts and obligations are paid with funds that are readily available to the estate.
____ Specify assets to be given to a favorite charity, with optimum income tax benefits.
____ Assure that any retirement plans left to heirs receive favorable income tax consequences.
____ Dispose of your real estate, collectibles, or business property in the most effective manner.
____ Provide for a handicapped or disabled "special-needs" child or grandchild.
____ Earmark funds to be used for the benefit of heirs who may one day need money for college, whether they are alive or not yet born.
____ Arrange for a partner or key employee to buy out your business interest, by paying "cash on the barrel" to your heirs.
____ Make gifts to family members or charities during your lifetime in an efficient way.
____ Assure that a particular financial goal – such as helping children purchase their first home – is completed, whether you live or not.
____ Provide for management of your assets in the event of your disability.
____ Protect beneficiaries from their spouses and/or creditors.
____ Protect your assets from a surviving spouse's second marriage.
____ Maintain privacy of your personal assets or business records in the event of your disability.
____ Provide for your own care in the event of incapacity or incompetence, without the need for guardianship or conservatorship proceedings.
____ Provide management for a beneficiary who is a spendthrift.
____ Avoid family strife.
____ Provide equal or fair distribution to children, grandchildren, or other heirs.
____ Make bequests to charity, creating a charitable legacy.
____ Make sure health care decisions are carried out according to your wishes.
____ Encourage philanthropy in younger generations.
____ Maximize wealth to be passed on to younger generations.
____ Pass on family values.
____ Protect current wealth.
____ Assure that assets with sentimental value are distributed to the desired beneficiaries.

Your Own Goals: Start putting some goals in writing!
Now that you have given thought to some typical transition and estate planning goals, try to put some of these goals into your own words.

What would you like to see happen with your . . .

- Financial assets: ____________________

- Tangible personal property: ____________________

- Farm or business: ____________________

- Family relationships: ____________________