

Estate-planning terminology: The basics

Estate planning is a complex process, and it's important to consult with an attorney once you're ready to begin. The following information is meant to help you understand the primary documents, and some of the roles named in them, as you begin thinking about your estate-planning strategy.



Key documents

Will: The primary estate-planning document. Allows you to:

- Specify how you'd like your property distributed after you die.
- Indicate who should be in charge of managing the distribution of your property.
- Nominate a guardian for any minor children.

Revocable living trust: A tool that may be used, in addition to a will, to indicate how your property will be distributed after you die and who will manage that process. Though there are other benefits, the main advantage of a revocable living trust is to help avoid the cost and delay in states where probate is very expensive or burdensome.

Financial power of attorney: Allows you to name someone to act on your behalf with respect to your financial matters. The powers you grant this person can be narrow (related to a specific financial transaction), broad (allowing them to act on your behalf regarding any financial matter) or anything in between.

Health care directive and living will: This document has different names and formats, but its purpose is to appoint someone to make health care decisions in the event you can't, and to make your end-of-life wishes known.

HIPAA waiver: A document that allows your health care information and records to be disclosed to certain individuals. This waiver is effective upon signing, so anyone you designate will immediately have access to your information.



Important roles

Guardian: The person you put in charge of raising your children if you're unable to do so.

Trustee/executor: The person you put in charge of:

- Overseeing the gathering of your assets.
- Paying your taxes and any other final expenses, and then distributing your assets to your beneficiaries.
- If you've arranged to set up continuing trusts for your children, the trustee will be in charge of managing and investing the assets, as well as distributing the assets to your children and their guardians.

Who does what? A rule of thumb.

In general, the trustee/executor is in charge of the stuff, and the guardian is in charge of the children.

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