

More than Just a Will: Understanding Your Estate Plan

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[Estate planning](#) is often misunderstood as simply drafting a will, but it involves much more. A comprehensive estate plan includes a range of documents that outline who will inherit your assets and who will manage your affairs if you're incapacitated. It's important to understand the key components of an estate plan, common pitfalls, and why medical directives are crucial.

Understanding a Full Estate Plan

When considering an estate plan, it's essential to think of it in two parts:

1. **Distribution of Assets:** This includes documents like a will or a revocable trust that detail who will inherit your assets when you pass away. The will also names the executor of your estate and trustees for any testamentary trusts.
2. **Management During Your Lifetime:** This involves appointing agents to handle your affairs if you're incapacitated. Key documents include financial power of attorney and [advanced medical directives](#), such as a living will and HIPAA releases.

The Role of Agents in Your Estate Plan

Agents, named in power of attorney documents, act on your behalf either immediately or when specific conditions, such as incapacitation, are met. There are two main types:

- **Immediate Power of Attorney:** This allows the agent to act on your behalf as soon as the document is signed and notarized.
- **Springing Power of Attorney:** This only takes effect if and when you become incapacitated, requiring two physicians to confirm your condition.

Choosing the right agent is crucial. They should be someone who understands your wishes and is capable of managing the responsibilities associated with the role.

Avoiding Common Estate Planning Mistakes

One frequent mistake is assuming that a spouse automatically has the authority to make all financial and medical decisions. Without the proper legal documents, this is not the case. It's also common for people to name the same person (e.g., a spouse or eldest child) for all roles, which may not always be appropriate. Consider whether that person is truly the best fit for each specific task.

Another common oversight is not updating estate documents regularly. Life changes, such as the birth of children, divorce, or the death of a spouse, often require [updates to your estate plan](#). Outdated documents can lead to significant issues, such as missed deadlines for required minimum distributions or the funding of disclaimer trusts, which can result in higher taxes.

The Importance of Medical Directives

Medical directives, including living wills and HIPAA releases, are often overlooked but are vital components of an estate plan. These documents ensure that your healthcare preferences are followed and allow designated individuals to access your medical information. Without them,

even your spouse may not have the authority to make decisions on your behalf or access your medical records.

Why Work with a Financial Advisor?

While estate attorneys draft the necessary documents, a [financial advisor](#) can help you understand the implications of your decisions and ensure your estate plan aligns with your overall financial goals. They can also assist in regularly reviewing and updating your plan to reflect any changes in your life or the law.

Conclusion

Estate planning is a complex process that requires careful consideration and regular updates. It's not just about deciding who gets what after you pass away; it's about ensuring that your wishes are carried out during your lifetime as well. By working closely with a financial advisor and staying on top of updates, you can create an estate plan that truly reflects your intentions.

If you're unsure whether your estate plan is up-to-date or if you need assistance creating one, reach out to your wealth consultant or contact Evergreen at info@evergreengavekal.com.

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