

# Your Legacy, Your Way: Estate Planning Essentials

## **0:06 Megan**

Financial wellness includes the ability to manage money in a way that gives you peace of mind and empowerment to make your own choices. At Golden 1, we're here to help with unbiased financial guidance. As a not-for-profit member owned credit union, our main goal is to help you reach financial well-being. Join us as we discuss why financial knowledge matters and how to apply it to your financial journey. Together, we can be golden!

Hello and welcome to the Golden 1 Financial Wellness Podcast. I'm Megan

## **0:39 Barbara**

And I'm Barbara, and we are from Golden 1's financial education team. Thank you so much for joining us.

## **0:45 Megan**

You know, Barbara, I recently read a really interesting article about wealth transfer. And in this article, a financial market intelligence firm said that baby boomers and the silent generation that they're going to pass down \$72.6 trillion going directly to their heirs through 2045. Now, the Bank Administrative Institute says it will, "end up as the greatest transfer of wealth in history". And that's no surprise. I mean, baby boomers took advantage of a crazy 40 year run of high stocks and housing prices. And now they're passing down their stuff on a pretty epic scale. But distribution of inheritance can lead to strained relationships and money spent on taxes and courts. All things that I've witnessed firsthand being in the banking industry for nearly two decades.

## **1:44 Barbara**

And most of us have also learned so much from high profile estate planning mistakes when celebrities pass away. Unfortunately, we find out a lot through the media, and it is very sad that some celebrities assets and families have gone through so much due to lack of planning.

We've seen anything from not having a will to not placing assets in the living trust, to not updating beneficiaries on these documents or even choosing executors or trustees that were not trustworthy.

## **2:24 Megan**

You're right. Estate planning is not just for the wealthy or the elderly. It's relevant to individuals of all ages and all financial backgrounds. As soon as you have something of value or something you want to pass on to your loved ones, it's time to create an estate plan.

And this proper estate planning ensures that our wishes are carried out, our loved ones are provided for, and potential disputes or confusion is minimized. Today we're just kind of scratching the surface and covering the basics of wills, trusts and power of attorneys. And these are like the building blocks of securing our financial future and really making sure that our legacy lives on for our kids and their kids.

So, let's break it down and get a grip on these essentials.

### **3:14 Barbara**

Many people believe that all they need is a will to leave assets to their loved ones. A will gives you control and spells out what happens to your valuables when you're not around anymore. You can choose someone you trust that will follow your wishes. They are like the keeper of your legacy, making sure everything is distributed the way you intended. You can talk about who gets what from your cash to your favorite necklace. It allows you to designate specific gifts and make charitable donations as well.

### **3:53 Megan**

I remember my grandmother, even including pictures of each treasure that she wanted to go to each of her grandchildren. And it was a good thing, too, because it eliminated a lot of guessing and I'm sure arguments over interpretation. She, for example, told one of us that we were to receive a pair of blue earrings. Well, as you can imagine, we opened that jewelry box and found several pairs of blue earrings. So, we were thankful to have those pictures and know what Grandma really wanted each of us to have.

### **4:23 Barbara**

I think being specific is so important because a lot of things, like you said, are open to interpretation and therefore creates potential arguments. And a will also enables you to appoint guardians for your minor children, ensuring their well-being and care,

### **4:41 Megan**

Or your fur children too. Many of us want to make sure that our pets are taken care of, but pets are considered part of your estate so you can find someone you trust to take care of the animal. Or you can write in your will that, you know, they get the dog and the cat plus a sum of money to keep your pet in the manner that it's accustomed to.

Now, splitting up valuables is one thing, but real estate and investments are a little bit more complex. You can leave property to your heirs in a will. But then the inheritance is going to go

through a potentially long and costly legal process called probate, which you can avoid by creating a trust instead. And the trust is a living trust, and it's a legal document that puts all or some of your valuables, property, and other assets in control of the trust.

By setting up a legal trust you can outline how things are distributed or handled when you pass. And when you're alive and still able to make sound decisions you're in charge of everything that you put in the trust and then when you pass away, or you can no longer make decisions on your own, someone else steps in as the trustee. This is the person you designate to follow the rules that are laid out in the trust. So, make sure you're really picking someone you really trust.

### **6:03 Barbara**

For many people, it can be hard to talk about passing away because it's not a fun or an easy subject to bring up to family members. But I think it's very important for us to kind of bypass that hard, you know, or the hardship of talking about it or just wanting to not even think about it and really start thinking about some of these things. I know that, you know, maybe my family's a little unique because we're very open to talking about it, more practical in a way. And my mom has had a living trust for a very long time and she's made changes along the way because life changes. Right? She's gained a property or sold another property. Things have happened throughout her lifetime, but all along she has designated me as the trustee.

And it is because of what you said Megan. You know, you pick someone you trust would know how to manage these things and every sibling is a little bit different. You might be trusted for one part you know, or maybe the finances versus someone else being trusted for another very important decision to be made. So designating a trustee, you know, it takes some thought, but I think I'm glad my mom has you know had these conversations with us and we were let know who is designated to do what. That way I know what to look for and and what to expect when she passes.

### **7:48 Megan**

And that's one of the big pluses with the trust is that you have a game plan in place. And with that game plan, it can really help you avoid probate because probate can take forever. It costs a lot of money, and it becomes a public notice. They actually put out a call for anyone with a stake in the estate to come forward. And this is why we hear about some of those probate celebrity stories, as you mentioned, and why probate and dispersal of assets can really take a long time.

Now, when you're setting up the trust, you can get really specific about when and how things get passed out. And this comes in handy when your beneficiaries are a mix of different situations, just like you and your brother. Maybe one needs the money sooner or another could use a hand later. With a trust, you can make sure everyone's needs get met, no matter how unique that situation is and due to the complexities of trusts and all of those legal implications, it's advisable to consult with an experienced estate planning attorney because they can guide you through this process and ensure that your trust aligns with your goals and help provide expert advice on tax and legal considerations.

### **9:08 Barbara**

Another important layer of estate planning is a power of attorney. There are a lot of different types of power of attorney to help with different things like money, legal or health matters. But power of attorneys give a trustworthy person that could be a close friend or family member. The power to step in when you're unable to or cannot make any decisions.

This chosen person is known as the agent or attorney, in fact, and that type of power of attorney decides how much help they can provide if you can no longer make certain decisions.

### **9:51 Megan**

For example, I know when my mom was facing off with breast cancer, she received her treatments in my hometown because I was lucky enough to have the time and the means to take care of her. While my dad kept things running with our family business a little over 2 hours away. And so during that tough stretch, my mom gave me power of attorney for a while. It meant that if she couldn't make choices or talk to her doctors, I could step in and handle things for her. Now luckily, we never had to use those powers, but knowing that we have them in our back pocket eased a lot of stress during this time period. Having those documents was like having an extra layer of security and peace of mind. It was really a comfort to know that we're prepared for anything, even if we ended up not needing to use them.

Now, there's many types of powers of attorneys and what power of attorney does is it grants someone the ability to handle a wide range of things from money to legal matters, as if they were you. And this type of power attorney is typically used for short term arrangements or specific transactions. But there are certain power of attorneys that can remain in effect until they're revoked. Now, a financial power of attorney is a trusted person, known as the agent, that gets the green light to do things like paying bills, taking care of investments, and even dealing with taxes all on your behalf. And finally, a health care power of attorney is a trusted person who gets the power to make calls about your health. We're talking treatments, surgeries and even end of life decisions.

### **11:36 Barbara**

And as I mentioned earlier, my mom set up a living trust. Right? And she designated different kids to different things. I was designated as the trustee of the overall trust. But within there, there are power of attorney. We have different power of attorneys in there, or she has it, because that's her trust. But I have the financial power of attorney. I would be the one managing what happens to her different accounts and paying the bills, etc.. And my brother was designated as the health care power of attorney, and she chose that because of our different personalities and strengths. And I think that a lot of times it takes some thought process, but it's good to figure out who would be the best to handle what in the family.

### **12:28 Megan**

Right. And sometimes that can be just one person or it can be multiples like it is for your family. I know for my family, it's me. I'm it. But then again, I think about this situation. My brother lives out of state, right. And he looks to me for financial advice. So it makes sense that I'm the person that is the closest by to help with these decisions and with those finances.

Now, when it comes to planning for the future it's not just about accumulating wealth, but also ensuring that it's passed on in a way that aligns with your wishes and values. With the impending transfer of massive wealth from generations before us it's important to have a clear understanding of these estate planning tools like wills, trusts and power of attorney. So, speak to an estate planning attorney about these tools and make sure that all of your documents are up to date to ensure your loved ones will be taken care of and that your legacy will be preserved.

If you haven't already done so, subscribe to the Golden 1 Financial Wellness Podcast on Apple, Google and Spotify to get more financial tips and insights. Plus, go to the financial wellness tab at Golden 1 dot com to find a ton of other resources like videos, interactive modules and webcasts. Explore Learning Lab, Take advantage of our estate planning courses like "Preparing an Estate Plan", "Trusts", and "Wills".

These courses will provide you with the knowledge and tools that you need to make informed decisions and secure your legacy.

#### **14:02 Barbara**

Once again, thank you for joining us today. This has been Barbara

#### **14:06 Megan**

and Megan, wishing you financial, health and happiness and as always, reminding you to

#### **14:12 Megan and Barbara**

stay golden!

#### **14:16 Megan**

Golden 1 Credit Union is insured by NCUA.