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ESTATE PLANNING MYTHS

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Estate Planning: Dispelling 10 Common Myths

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Dispelling myths, rumors and misinformation is an ongoing battle for financial advisors. Estate planning is a topic especially prone to myths and misinformation. In this report, I'm going to dispel 10 common myths about Estate Planning and give you the real facts — facts that could be critically important to helping protect your financial future.

Myth #1: "I'm too young to need an estate plan."

Statistically, that statement may be closer to true if you're in your 20s and 30s. The problem is, many people still believe this statement in their 50s and beyond. As a result, a lot of people who intended to create an estate plan "eventually" end up dying before they get the chance. The result is often a legal and emotional nightmare for their families.

Myth #2: "Only wealthy people need an estate plan."

Technically speaking, an estate is defined simply as "all the property owned by a particular person." In other words, if you have property and assets, you have an estate and need an estate plan. Your estate includes your savings accounts and investments, naturally, but it also includes your home, boat, collectibles, heirlooms, and even items of sentimental value.

Myth #3: "An estate plan is only concerned with assets and property."

That's wrong because estate planning is also very much about emotions, relationships, and deeply personal matters. In fact, in my experience, that's the greatest risk of not having an estate plan. It's not the legal or financial chaos that often ensues, but the emotional fallout. I've seen families torn apart by arguments over who gets what, or over what to do with a parent on life support.
A comprehensive estate plan could have helped prevent these arguments. That leads us to myth number four.

Myth #4: "As long as I've written a will, I'm all set."

A will is a good start, but you're still missing many important documents, and your simple will may or may not be legally binding. You need to be sure of that, which leads us to the next common myth.

Myth #5: "Estate planning is only concerned with what happens with my assets after I die."

Wrong. Estate planning is very much about helping you protect and grow your assets while you're still alive. It helps you avoid costly legal mistakes around things like taxes and gift-giving—and it helps ensure that your long-term goals are well-aligned with your retirement plan.

Myth #6: “Estate planning is expensive, and I’ll need a lawyer to start.”

The truth is, if your family and financial situations are fairly simple, you can draft many documents yourself at little or no cost, and there are resources available to help you online:

- For healthcare decisions, you can often get a free healthcare directive form from your nearest hospital or download a state-specific form from the National Hospice and Palliative Care Organization website.
- Another popular resource for healthcare decisions is Five Wishes, which is a low-cost living will form made available by the non-profit Aging with Dignity organization.
- You can draft other legal documents like a power of attorney and a simple will for free at sites like Free Will and Do Your Own Will-dot-com.
- Your employer may also offer these documents at no or low cost as an employee benefit.

Myth #7: “I don’t really need a lawyer at all for estate planning.”

In most cases that’s not accurate. Yes, you can obtain and draft many documents, yourself. But there may be problems or complications with some of your directives that only a qualified estate planning attorney would recognize. To be safe, it’s smart to at least have an attorney review your documents and let you know if changes should be made, or if additional steps should be taken. The good news is that many financial advisors who specialize in income have professional partnerships with estate planning attorneys on behalf of their mutual clients. That helps ensure your estate plan aligns properly with your retirement income strategy overall, which is also extremely important.

Myths #8 and #9: “If I die without a will, my spouse or partner will automatically receive my assets” and “If I die without a will, the state will automatically get my assets.”

The facts are these: If you pass away without a will, the state you live in will apply its “laws of intestacy” to determine who gets what. Jointly owned property like your home usually passes to the other living owner without going through the probate process. But other assets may be unavailable to your spouse or partner during probate. Or they may end up being distributed to unintended beneficiaries such as a spouse from a previous marriage or a financially irresponsible child.

You can learn more about your state’s intestacy laws by checking out the website heirbase.com. It will give you some idea of how your assets might be distributed if you die without a will. If you don’t like the outcome, use that as motivation to draft a will. If you are fine with the outcome, draft a will anyway and use that as the starting point to creating a full, comprehensive estate plan! That leads us to myth number ten...

Myth #10: “Estate planning is only really important after I retire.”

Wrong again. Estate planning is not a process you save for the future. It’s a step you take to help prepare for the future and to better ensure your wishes are met and your assets are well-protected in the meantime.

The sooner you create an estate plan, the more certain you can be that it aligns with your broader retirement income strategy. That’s important because, once again, estate planning is concerned not just with helping to protect and properly distribute your assets after you’ve died. It’s also concerned with helping protect you financially while you’re still alive.

Take Action!

How can you learn more about creating a sound estate plan and retirement income strategy: Simple: by contacting a qualified financial advisor who specializes in the universe of income-based financial strategies designed to help protect your principal and generate reliable income through interest and dividends. This is income you can spend or, if you don’t need it, reinvest to grow your portfolio organically, or “the old-fashioned way”!

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