BETHESDA
SENIOR LIVING COMMUNITIES

Senior Living Estate Planning Guide

According to Legal Zoom, less than half of adults in America have written estate plans. Leaving your final wishes to the last minute can create legal stress for your heirs. Here's why you may want to attend to estate planning early and what types of documents to consider including.

Benefits of Estate Planning as an Older Adult

Estate planning can be a time-consuming task, and depending on how you go about it, you may need to pay for legal services. However, for many older adults, the time and resources put into estate planning ensure return on investment in the form of benefits, such as:

- **Ensuring end-of-life wishes are respected.** Putting your wishes for end-of-life medical care and funeral arrangements in writing removes the burden of those decisions from loved ones. It also helps ensure your wishes are carried out at times you're not able to vocalize or advocate for them.
- **Protecting assets.** Planning ahead can help ensure you have access to necessary benefits without putting all of your assets in danger.
- **Supporting financial readiness in emergencies.** Proactive decision-making ensures someone has the information and ability to pay your bills and otherwise manage your finances if you're incapacitated.
- **Reducing the expense and stress of probate.** Comprehensive estate planning leverages tools like payable on death accounts, life insurance and trusts to keep assets out of probate when possible, reducing taxes and other expenses the estate and heirs might have to pay.
- **Minimizing family discord.** When you communicate your wishes ahead of time, loved ones have time to come to terms with them and come up with ways to honor them, potentially reducing infighting or bickering over a variety of decisions.

Common Reasons People Avoid Estate Planning

Many people don't have an estate plan because they don't think they have enough money or assets. According to a survey conducted by D.A. Davidson & Co., around one-third of people believe this despite the fact that a will and other estate planning tools can help protect your assets and heirs even if you aren't wealthy.

The survey also found that:

- 32% of adults in the U.S. report procrastinating on estate planning
- 25% say they don't know how to get started
- More than 70% don't fully understand how health care powers of attorney work

What Documents to Include in Your Estate Plans

If you haven't started estate planning because you don't know where to start, consider learning more about different types of estate planning documents and which might be right for you.

A Will

This document, which is also called a last will and testament, is a legal form that details how you want your assets divided among heirs. You can also use a will to name guardians for dependents, including any pets you might leave behind.

If you have any estate to be managed, you can also typically use your will to name an executor. If you don't officially name the person you want to handle your estate, the court will usually pick one. It may not be who you would choose or trust to manage your affairs.

Benefits of a will:

- Puts you in control of how your estate is distributed
- Lets you name the executor of your estate
- Can be changed or updated by you in the future
- Reduces the potential that heirs might fight over your assets

Trusts

A trust is a legal vehicle that owns property. You can create a trust and transfer property into it, including cash and real estate. Depending on the type of trust you create, you can continue using the assets in your lifetime, and then they transfer outside of probate to successor beneficiaries after you pass away. Some trusts are created to provide protection of assets for minors; for example, you might leave money in a trust for the purpose of paying for a grandchild's education.

Benefits of trusts:

- Provide control over how assets are used in the future by beneficiaries
- Allow for assets to transfer to beneficiaries outside of probate
- May provide some protection against taxes and creditors, depending on how the trust is established

Health Care Power of Attorney

Also known as a durable power of attorney, health care proxy, living will or advance directive, this document states your preferences for medical care. Typically, you name someone who will act as your agent in matters of health care if you're incapacitated and unable to make or vocalize decisions for yourself. You also provide specific information about end-of-life care and what life-saving measures you want, so medical providers and your agent have some guidance.

A health care POA can benefit almost any person. Older adults who don't have one can create their own by downloading state-approved forms or asking health care providers for forms.

Other Power of Attorney Forms

Health care POAs give someone the legal authority to make certain medical decisions on your behalf. You can also create power of attorney forms to imbue someone with other types of authority.

Common POA forms include:

- **Financial POA.** You can name someone to manage your finances on your behalf if you're unable to do so. Such forms should be written carefully and specify what type of event causes the POA to start and end. They should also include the exact powers the agent has, such as access to banking and investment accounts, the ability to pay bills or manage money and whether they can buy or sell property on your behalf.
- **Specific POA.** Some POA forms imbue another person with short-term power. For example, if you're moving to an assisted living community and you want an adult child to be able to manage the sale of your home for you, you could create a POA that only covers those activities and ends once the sale is final.
- **General POA.** A general POA is the opposite of a specific POA. It gives someone general legal authority to make a variety of decisions on your behalf.

> Download the Senior Living Estate Planning Checklist for a quick guide to the types of documents you might want to consider for your estate plan.