

Three Reasons Where Estate Planning Is Essential

Whether you leave a huge financial windfall behind for your offspring or a smaller monetary account, it is important to create an Estate Plan which allows greater control, privacy and security of your legacy. Estate Planning is defined as the process of anticipating and arranging, during a person's life, for the management and disposal of that person's estate during the person's life and after death, while minimizing gift, estate and income tax. Interestingly, 55% of Americans don't even have a will, which can be an alarming thought, especially in certain states. For that reason, it is extremely important to have a will even if your total assets are minimal.

Although you can go online and create a basic will, it is highly recommended to sit with a professional and develop a plan that works for you. Estate Planning attorneys have the knowledge and background to make suggestions that will help determine your future asset allocations. When thinking about one's legacy and to whom/what to leave behind, there are three reasons why people do Estate Planning:

Probate Fee & Tax Reduction

If your assets are too high, you will be required to pay estate taxes to your state and possibly federal estate taxes depending upon the value of the accounts. And, probate fees may be assigned as well. So, it is beneficial to work with an attorney who can help explain the laws and help you make smart decisions regarding to whom, where and when to designate your assets. Working with a professional who is well versed in Estate Planning, can ultimately help you to reduce probate fees and inheritance taxes.

Asset Protection

It is extremely important to protect your assets. For instance, wanting to safeguard your assets from spend down, which refers to the process of reducing assets in order to qualify for Medicaid, regarding a nursing home situation is a great reason to be proactive and develop an Estate Plan. A professional may also suggest things like an Umbrella Insurance Policy which provides excess coverage if you are unfortunately involved in a car accident and go through your auto insurance limits. Protect your assets so your loved ones are protected as well.

Control and Management

Having control and management of an individual's assets is the number one reason why families partake in Estate Planning. Estate Planning alleviates the fear and guarantees your final wishes regarding asset distribution. Family dynamics often can be tricky. Estate Planning takes away the guessing and provides a detailed plan of who, what, where and when.