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ESTATE PLANNING ALERT

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PASSING ON MORE THAN JUST YOUR FINANCIAL ASSETS

As an estate planning attorney, I see first hand people's desire to avoid dealing with the concept of death. People often contact me to prepare their estate planning documents and then avoid actually finishing them for weeks, months, or, occasionally, years. I have learned that this is part of human nature -- the topic of one's own demise is not one that people enjoy discussing.

Eventually, however, most people get around to preparing their estate planning documents to ensure that "assets" pass to the people that they desire and that these assets pass in a tax-efficient manner.

When people do their estate planning, however, they spend all of their time disposing of only their financial assets. In *Missed Fortune 101*, Douglas Andrew discusses the concept of "assets" more broadly. He categorizes assets as either:

- Financial (cash, house, stocks, etc.);
- Human (values, relationships, health, ethics, morals, character, etc.), or
- Intellectual (knowledge, experience, skills, ideas, etc.).

Similarly, these estate planning alerts generally focus on your financial assets – and there is information on financial assets on the next page – but what about preserving and passing on your human and intellectual "assets"?

Consider writing a letter or making a videotape that passes on your non-financial assets – create a living legacy for your loved ones. The idea is to reinforce to your loved ones what you think is important. In theory you are doing this every day by the way you raise your children and interact with your loved ones – but your loved ones might miss the point, or you might die prematurely, never getting the opportunity to tell them everything that you intend.

In creating this legacy, however, you are putting this information down in writing (or telling it to the camera) in a way that immortalizes the information and makes sure that the recipients of this legacy get your point. Further, for me, actually taking the time to prepare this legacy helped me crystallize what I think is important. I hope that this process will enable me to be a better parent – and a better person – going forward.

Specifically, you should consider creating a legacy that tells:

- What you would like your family to learn from your life's experiences (the morals, lessons and other valuable tools that you learned from your accomplishments and/or mistakes);
- What the most important achievements in your life are, how you attained them, and what characteristics helped you achieve

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- these goals (*e.g.* -- hard work, devotion, etc.); and
- How you would like to be remembered.

These are truly sobering issues that are difficult to confront. They force you to deal with your own mortality and to think about life as a whole – making you divorce yourself from life’s daily burdens in order to focus on what you (and your loved ones) truly consider to be important – what you should be striving for on a grander scale.

This is not to say that you should not properly pass on your financial assets. In addition to having tax-efficient estate planning documents, you should compile an overall financial inventory – to help your family administer your estate and better organize your affairs once you are gone.

Your family should have a single place to find all of the following information:

- Financial assets (bank and brokerage accounts, real estate, debts owed to you, etc.);
- Debts and other financial liabilities;
- Insurance coverage (whether it be life, disability, long term care, automobile, home, etc.);
- Employment benefits;

- The location of wills, trusts, deeds, passports, buy-sell agreements, tax returns, and other important documents;
- The location of your safety deposit box (or safe); and
- Passwords for computers and email accounts.

The choice of where to keep all of this information is an important one. Some people choose safety deposit boxes, whereas others select a “secret” filing place that loved ones know about. You should note that there are now services that enable you to keep all of this information on a secure personal webpage.

Disposing of financial assets is an important part of the estate planning process that will ease the administrative burden on your loved ones when you pass away and permit them to grieve without having to worry about the logistics of sorting out your affairs. It is not, however, the entire process.

Please consider the lessons that you would like to impart to your loved ones and how you would like your loved ones to remember you. By passing along *these* assets, you will provide your loved ones with a more meaningful legacy than if they receive only your financial assets.

FOR MORE INFORMATION on this Alert or other estate planning issues, please contact:

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