

An Introduction to Estate Planning

Customs and traditions change over time. In the past it was common for children to look after their parents in their senior years until their death, usually at home. Other than for very traditional families this is no longer the prevailing custom. Our society has changed drastically! Seniors are now living much longer in relatively good health and the concept of “golden years” is now achievable.

Adult children, now referred to as “the sandwich generation”, have care giving obligations which stretch over many more years than before, sometimes into their own senior years! Even grandchildren must be considered. They are entering college, embarking on their own careers or getting married and having their own children. They too have financial, emotional and other demands on their parents who are sandwiched between these two competing demands. It is conceivable that there are four generations all with their competing interests and needs.

In the past it was expected that children would look after parents, just as they were cared for. But what is the reality. Can we really expect that our children will keep us in their home, sometimes requiring the creation of a new bedroom or, worse still, the necessity of selling the home to move into larger accommodation?

The comfort and privacy enjoyed before is lost, not to mention the possibility of bad relationships and ultimate family separation. Who does the adult child side with, spouse or parent, when these two people simply cannot get along. We all know of families where the spouse does not get along with their spouse’s parent. What could be worse than living in that kind of environment!

If there are two or more adult children, who does the parent choose to live with? Will that create future family discord with suspicion of undue influence amongst the children. Custody fights over parents are not uncommon. Possibly the child lives in a far away city or in a foreign country with relocation to distant and strange surroundings.

Another concept which was prevalent and which is more resistant to change is that of leaving a large inheritance for the children. Many times this emotion is so deep that we undergo extreme sacrifice only to leave a large estate. In the process we sometimes impose difficulties on our loved ones, the people we are trying to benefit.

These well intentioned customs deserve our close study and a reality check. They require a new philosophy for life and living. But how to accomplish these important life goals! They do not simply fall into our lap. Life is not like that. We reap what we sow and we must plan ahead. We cannot move forward looking behind us.

Fortunately these problems are becoming fewer. At long last our society is becoming “senior conscious” and seniors are refusing to go “quietly into the night”. These changes in our society have given birth to a revolution in how seniors and, yes their caregivers too, regard aging and what they are doing about it.

New services for seniors appear practically every day. How to find and access these services is the key to opening the door to the golden years. There is no substitute for knowledge. The old adage “knowledge is power” remains as true today as when it was first said by Sir Francis Bacon four centuries ago.

Most seniors, if they had the opportunity, might honestly wish to live on their own with dignity. Many do not really want to move into their children’s home for many reasons. They do not want to be a burden on anyone even when they require assisted living. Surely this is the ultimate success in a life well lived!

There are many sources of information such as lawyers, accountants, financial and funeral planners, doctors and other health care professionals to name but a few. All that is needed is the will to take charge of one’s affairs sooner rather than later and the understanding that others, hopefully including the immediate family members, should be part of that process.

Working with a geriatric care manager who is familiar with both public and private services and resources can assist seniors’ and their families make the right decisions. These are professionals from gerontology, nursing, social work, psychology and sociology. Geriatric care managers can help navigate the system putting resources in place giving everyone peace of mind.

Seniors and soon to be seniors need to consider financial planning and estate planning. They can vary from simple to complex, depending on needs, wishes and personal assets of the individual.

The goal of both is to use the assets to the best advantage of the senior today while preserving as much as possible for the next generation, all the while trying to pay a minimum of tax. It is important to remember however that the focus should remain firmly fixed on the independence, welfare and comfort of the senior and not on how much money is left over. Many times, again depending on the situation, both goals can be accomplished. This is clearly a complicated exercise and not one which can be done successfully without expert help.

Good financial planning means that you have a plan to maximise your recourses including real estate, money and other personal assets, for your benefit. It means that you will reduce your taxes and reduce the potential for family conflict. Remember that you are never too young or too old to make a plan. Most importantly, remember the government will not look after you.

There are many financial experts who can plan your future using what assets you have to the fullest and still leaving a large estate for your loved ones. The younger you are when you begin to plan the more flexible your plan can be. In some cases you can spend every penny and still leave a large estate for your children. Surprising isn’t it!

A good estate plan addresses your future financial needs and protects you if you become incapable. It lets everyone know who gets your assets on death and who you want to administer your affairs. It should also provide for end of life decisions including medical treatment and funeral arrangements. A proper plan will also reduce taxes and leave more for

your loved ones. Do not make the tax man your biggest beneficiary.

Gifting, jointly held property, establishing trusts while living and in your will are only a few of the commonly used planning tools.

Professionals are increasingly paying attention to the needs of seniors. Gerontology is a huge specialty in medicine and Elder Law is becoming well recognized as a specialty in the legal field. There are even a real estate agents and accountants who deal almost exclusively with seniors needs.

Many people do not know how to begin preparing an estate and financial plan. Start by listing your assets and decide who is to get them after your death. Most importantly, decide how you can best spend your money during your lifetime so that you live as comfortably as possible.

The next step is to seek out and put together a team of professionals including trusted advisors such as lawyers, accountants and financial planners and geriatric care managers who have the ability to help achieve these goals. When choosing a lawyer for instance it is important to be sure that they specialize in estate planning as well as the preparation of wills and powers of attorney.

Now that you have some idea of where to go from here you only need to put it into action and that step is up to you!