AOF Financial Planning

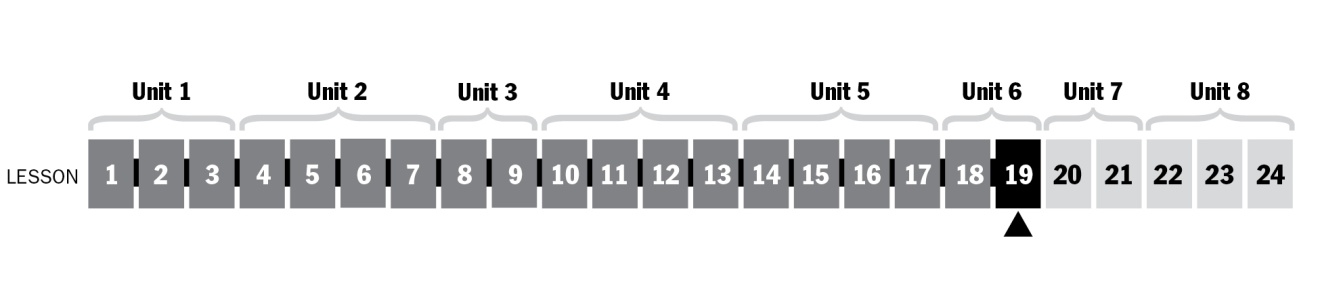
Lesson 19

Estate Planning

This lesson introduces students to the importance of estate planning in the creation of a financial plan. Through role play, reading, and a presentation, students learn about wills, powers of attorney, living wills and trusts, and the difficulties that can occur if these important items are not in place. Student learning is assessed using a written test at the conclusion of the lesson.

Advance Preparation

Print and cut out one set of the role cards from Teacher Resource 19.1, Instructions: Role Playing, for Class Period 1.

This lesson is expected to take 2 class periods. 

Lesson Framework

Learning Objectives

Each student will:

* Describe key concepts in estate planning, such as wills, powers of attorney, living wills, and trusts\*
* Explain the risks of not having a living will and granting power of attorney
* Summarize the tax advantages of trusts when bequeathing assets

\*This is one of the 16 key learning objectives assessed by the NAFTrack Certification end-of-course exam for this course.

Academic Standards

The relevant Common Core State Standards are too extensive to list here but are an important basis for this lesson. For details, please refer to the separate document “Correlations to the Common Core Standards” (available in the Course Planning Tools section of the course materials).

* Evaluate savings and investment options to meet short- and long-term goals (NBEA National Business Economics Association 2013, Personal Finance IV. Saving and Investing)
* Understand the concepts of assets, liabilities, and owner’s equity (McREL Business Education Standards 1999, Standard 5)

Assessment

|  |  |
| --- | --- |
| Assessment Product | Means of Assessment |
| Short-answer test on estate planning (Teacher Resource 19.3) | Answer Key: Estate Planning Test (Teacher Resource 19.4) |

Prerequisites

* Knowledge of different types of health coverage
* Familiarity with insurance terminology
* Understanding of the difference between and appropriate use of long- and short-term investment strategies

Instructional Materials

Teacher Resources

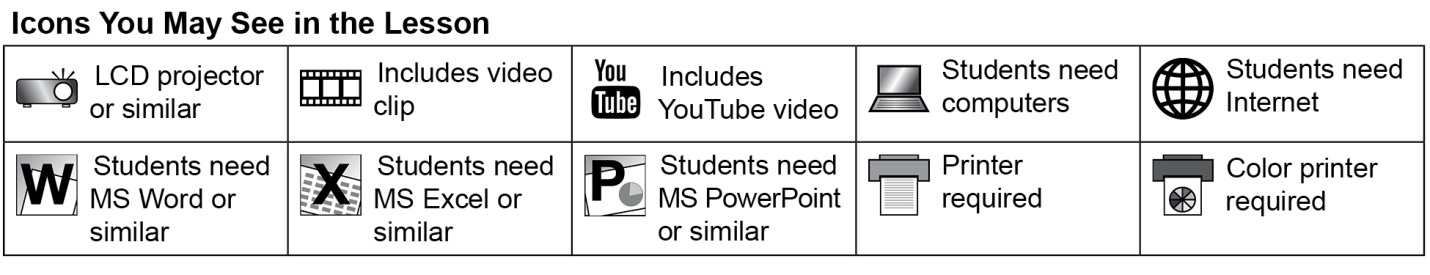
* Teacher Resource 19.1, Instructions: Role Playing
* Teacher Resource 19.2, Presentation and Notes: Introduction to Estate Planning (includes separate PowerPoint file)
* Teacher Resource 19.3, Short-Answer Test: Estate Planning
* Teacher Resource 19.4, Answer Key: Estate Planning Test
* Teacher Resource 19.5, Key Vocabulary: Estate Planning

Student Resources

* Student Resource 19.1, Reading: Introduction to Estate Planning
* Student Resource 19.2, Scenarios Activity: Estate Planning in Practice

Equipment and Supplies

* LCD projector and computer for PowerPoint presentation
* Blackboard, whiteboard, or flip chart



Lesson Steps

| Step | Min. | Activity |
| --- | --- | --- |
|  |  | class period 1 |
| 1 | 20 | Role Playing: Probate Court and Hospital Bed  This role-playing activity gets students thinking about some of the central questions of this lesson: why estate planning is important, and, conversely, what could happen if one doesn’t plan. One role play focuses on wills and the inheritance process, and the other on living wills and power of attorney.  Cut out the role cards found in Teacher Resource 19.1, Instructions: Role Playing, and hand them out to students who volunteer to take on the roles. Let the students know that they will be acting out two scenes about estate planning.  Ask students if they have any idea what estate planning is about. They can refer to their role cards for clues. Spend about five minutes with students, clarifying if necessary that *estate planning* is preparing for passing assets and decision-making responsibility on to heirs or other individuals in case of death or incapacitating injury or illness.  Give the two groups of students who are role playing about five minutes to read over their roles. Meanwhile, explain to the rest of the class that they should watch carefully and be ready to answer questions about what they see.  Before each role play, set the stage briefly, following the instructions in the teacher resource.  The first role play is set in a probate court, where a family is squabbling over the assets of someone who died without having made a valid will. The role play models the fact that the inheritance process without a will can be acrimonious and time consuming.  After the first role play, ask all students to write down the answers to these questions, and then share a few of their answers:  Did the family members seem happy with the process? Why not?  What instructions could the deceased have left to make things easier?  The second role play is set in a hospital, with one student playing an accident victim who is not able to make medical decisions for himself or herself; other students play a doctor and a close friend. The role play models the confusion and hard decisions that may come up if someone doesn’t have a living will or has not assigned power of attorney.  After the second role play, ask all students to write down the answers to these questions, and then share a few of their answers:  Would you trust the hospital administrator to make the right decision? Explain your decision.  What instructions could the patient have left to make things easier?  These questions serve as an anticipation guide for the presentation that follows. By the end of this activity, students should have a sense of the purpose of estate planning and a vicarious experience of how chaotic things can be without adequate planning! |
| 2 | 20 | Presentation: Introduction to Estate Planning  This activity gives students an in-depth look at estate planning from the financial planner’s perspective. It covers such topics as the purpose of wills and living wills, the inheritance process, why assigning power of attorney is important, and the tax implications of bequests. It also develops students’ listening and note-taking skills. Additionally, it focuses on the following college and career skill:  Locating, evaluating, and applying information  To prepare, make notes to guide class discussion using Teacher Resource 19.2, Presentation Notes: Introduction to Estate Planning. Have Teacher Resource 19.2, Presentation: Introduction to Estate Planning (separate PowerPoint file), ready to show as a full-screen slideshow using an LCD projector.  Before the presentation, pass out a copy of the written test that students will take later in the lesson (Teacher Resource 19.3, Short-Answer Test: Estate Planning). Ask students to read the test and underline key terms or concepts. Let them know that many of the answers to the test will be found in the presentation and a later reading, and that they can use this copy of the test as a frame for taking notes.  Present the slideshow. Use the notes you prepared and the questions on the slides to encourage class discussion.  This presentation is duplicated as Student Resource 19.1, Reading: Introduction to Estate Planning. If an LCD projector is unavailable, students can read the presentation, answer the discussion questions in their notebook, and discuss their answers as a class. This student resource is also useful for review.  After the presentation, divide the class into pairs or groups of three and have them compare their notes for completeness and accuracy. Invite each pair or triad to share their thoughts and questions. This presentation provides critical background information for the homework activity that follows. |
| 3 | 10 | Homework: Estate Planning in Practice  This homework activity places the information from the presentation on estate planning in context through a set of vignettes showing examples of how estate planning can be highly beneficial.  Begin by asking students to raise their hands if:  They’ve ever known somebody who has been so injured or sick that he or she was unable to make medical and financial decisions on his or her own?  They’ve ever known somebody, or heard a story about someone, who was angry or whose feelings were hurt because of an inheritance process gone sour?  Explain that in the homework they are going to read realistic examples of how estate planning can be a critical part of financial planning.  Student Resource 19.2, Scenarios Activity: Estate Planning in Practice, includes a series of vignettes, each followed by two or three questions for the students to answer, to demonstrate their understanding of key concepts in the vignette.  Ask students to read the vignettes and answer the questions as homework. They should also keep the test questions in mind as they read.  In the next class period, students will work in groups to review their responses to the homework questions. |
|  |  | CLASS PERIOD 2 |
| 4 | 15 | Homework Review: Estate Planning in Practice  In this review activity, students get a chance to review the key concepts before taking the written test.  Begin the class period by having students take out Student Resource 19.2, Scenarios Activity: Estate Planning in Practice. Ask students to form groups of three and take turns sharing their responses to the homework questions. If they disagree on certain responses, have them take a few minutes to state their case to other students on why they think their answer is correct.  Finish this activity by having each group volunteer an answer to a question. Use this opportunity to provide clarification for any areas where the students are not clear or where they had disagreements. At the end of this activity, students should have a clear grasp of the role of wills, trusts, and power of attorney in a financial plan.  You may want to gauge student understanding by assessing this assignment on a credit/no-credit basis.  At this point, ask students to turn in their sample test from the previous class period and any notes from the lesson that they may have. |
| 5 | 25 | Written Test: Estate Planning  In this activity, students are given the opportunity to demonstrate their understanding of the topic of estate planning from a financial planning perspective.  Hand each student a clean copy of Teacher Resource 19.3, Short-Answer Test: Estate Planning. The test requires short written responses to four questions that measure student attainment of key concepts in estate planning.  Allow students time to complete the test. After they have finished, collect the tests and explain that you will review the answers with the class during the next activity. Assess the tests using Teacher Resource 19.4, Answer Key: Estate Planning Test. |
| 6 | 10 | Test Review and Closure: Estate Planning  This review allows students to check their answers to the test and provides closure to the lesson.  Ask students to volunteer answers to each of the questions. Use the opportunity to clarify the concepts if students are unable to answer correctly.  Close the lesson by asking each student to write down one important piece of advice about estate planning that he or she can share with a family member or friend. Have volunteers share a few of their responses. |

Extensions

Enrichment

* Writing a will: In this activity, students get a more in-depth view into the process of writing a will. Ask students to conduct research online or in the library to identify the contents of a will and then have them write a will for themselves. They can assign power of attorney and include medical directives.