

HOW TO CREATE AN ESTATE PLAN

To create an estate plan, an individual will need to understand the laws in their resident State and compile a list of all their assets and liabilities. Afterward, the individual can decide who they believe is the best person(s) to handle their life decisions, administer their estate, and to whom to give their property after their death.

Step 1 – Choose a Medical Agent

SPC's estate planning advisors recommend that an individual start with their medical desires. This involves completing the following forms:

- **Living Will** – Allows a person to make their end of life decisions such as the option to no longer receive food and/or hydration if they should become incapacitated. The form is specific to each State and must comply with the State laws to be enforceable.
- **Medical Power of Attorney** – Allows a person to choose a **health care agent** who will have the authority to make medical decisions on their behalf. This would only come into effect if the person was not able to make decisions on their own.
- **Caregiver Agreement** – Used to make an arrangement where someone is paid, commonly a nurse, for the care and everyday needs of an elderly person or someone with special needs.

When combined, these forms are referred to as an 'Advance Directive'.

Step 2 – Choose a Financial Agent

Durable Power of Attorney allows an individual to select a financial agent to handle their financial responsibilities on their behalf (referred to as an 'attorney-in-fact'). There is no requirement for this person to be an attorney. Although, it is highly advised the financial agent be someone that can be trusted.

The financial agent will have powers over the following (if selected):

- Real Estate
- Personal Property
- Brokerage Accounts
- Commodities
- Gift Making
- Operating Business Entities
- Bank Accounts;
- Insurance
- Retirement Plans
- Taxes (State and Federal)

Step 3 – Make a List of Assets and Liabilities

In order to begin managing the assets of the individual, a list of assets and liabilities will need to be compiled. All items should include an estimated value, including, but not limited to, real estate, investments, business entities, vehicles, assets, pensions and any other property. This list should also include any life insurance policies and applicable credentials the person may have. Please contact us for the recommended list of documents that should be gathered.

Step 4 – Decide the Beneficiaries

The beneficiaries are the individuals, entities and/or charities that will be given assets after the person dies. This is most commonly the spouse (if married) and the children (if any). A person can choose to leave their assets to whomever they desire.



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Step 5 – Choose a Trust and/or a Will

To transfer the estate to the beneficiaries, one of the following forms will need to be completed:

- **Last Will and Testament** – Referred to simply as a ‘Will’, states who will get what after a person’s death from their probate estate. After death, the estate will go through the probate process that can take 6 months or more to complete.
- **Living Trust** – Referred to as a Revocable Trust Agreement, allows the person creating the Trust (known as the Grantor) to put assets in the Trust, i.e., home, investment accounts, bank accounts, jewelry, etc. and to name beneficiaries of the Trust. The Trust assets are not probated upon death of the Grantor. The Grantor may be the Trustee and may appoint successor Trustees in the event of their incapacity or death. The Trust may be revoked or modified by the Grantor just like a Will.
- **Transfer on Death (TOD) or Payable on Death (POD)** – These designations are equivalent to a beneficiary designation for assets that do not typically have a beneficiary designation like brokerage accounts, investment accounts, bank accounts and savings bonds.

Step 6 – Choose a Guardian for Minor or Dependent Children

Here are some things to consider when appointing a guardian for your children:

- Select someone who knows your children and whom your children know.
- Select someone young enough to raise your children.
- Select someone who has time in their schedule to raise your children.
- Select someone who will perpetuate your values and beliefs.

Step 7 – Sign the Documents

It’s not so easy to sign these forms. They must be done in accordance with an individual’s State execution laws which may involve **two witnesses** and a **notary public**. It is important that the witnesses are not mentioned in the estate documents, meaning that they cannot be the financial agent or a beneficiary. We encourage individuals to have their estate plan documents prepared by an estate planning attorney.

Places to Notarize Documents

- **Financial Institutions** – Such as Banks, Credit Unions, and Law Firms usually have a notary available to notarize documents.
- **UPS Store** – Every UPS Store has a Notary Public on staff.
- **National Association of Notaries** – Use this database to find a notary near you.
- **Attorney** – The attorney that prepares legal documents usually has a notary available to notarize documents and witnesses for the signing.
- **SPC Financial, Inc.** has a notary available to notarize documents.

Step 8 - Review Periodically and When a Major Life Event Occurs

Estate Planning documents should be reviewed every few years to be certain that decisions made years earlier are still appropriate for you, based upon your current financial resources. The death or incapacity of a spouse, beneficiary, trustee, executor, or guardian are some life events that may require modifying estate planning documents.

Step 9 – Keep Documents in a Secure Place

After the documents are complete, they should be stored in a safe and secure place that family members have access to.

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