

Protecting Your Assets

Mark and Maria, a hypothetical married couple in their mid-40s, have a home, children, retirement savings and, until recently, no estate plan. The lack of a plan had left them open to problems that could have cost them time, money and aggravation. More importantly, it could have cost them control over certain life decisions affecting their family. They can stay in charge now that they've taken the following three steps.

Putting it in writing

Writing a will allows you to say who gets what in your estate when you pass away. Without one, state law dictates how your assets are distributed and who looks after your children. After hiring an attorney to assist them, Mark and Maria prepared a will, named each other as executor of their estate (the person who files the will in probate court), and chose a sibling as an alternate. They named a guardian for their underage children and then listed their belongings and who was to get them.

Naming an advocate

The couple also set up healthcare proxies, appointing an advocate to act on their medical behalf should their doctor determine they're incapable of doing so themselves. Reviewing with your advocate your end-of-life care wishes in detail may help avoid conflict about who should make these decisions.

Checking your benefits

It's important to remember that the beneficiary designated in a retirement savings plan takes precedence over whoever is named in a will. By law, however, your spouse may have legal claim to your retirement plan account balance in the event of your death no matter who is named beneficiary, unless your spouse has waived that claim in writing. Everyone needs a concrete estate plan. And everyone should revisit that plan when significant life changes occur (for example, divorce or a new baby). It's something Mark and Maria should do to ensure their plan stays up to date. Benefits include the security of knowing that during turbulent times caused by serious illness or death, the legal and financial process will be smoother for their family.

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