

If something breaks in your house, and you want to fix it, chances are you will go get your trusty Tool Box and pull out the right tools for the job. **Estate Planning is the process of creating a “legal tool box”** – solid legal documents that can be used in the event something in your life goes wrong! After all, if something goes wrong, you have to ask yourself, “Do my friends and family have the legal documents necessary if something were to happen to me?” Nothing resolves itself by “magic” – you have to have the right legal tools.

Here are 11 things to keep in mind when planning your estate.

1. You should at least have a will that says who gets what after you pass away. If you don't, California law will dictate who gets what. Also, for people with more than \$100,000 in assets, a living trust may be a better option. Otherwise, your assets could be tied up in probate court.

2. A Living Trust is nothing more than a contract that outlines who is in charge of your estate in the event anything happens to you, and the trust governs the management of your estate before and after you pass away. There's much more to it than that, but that's it in a nutshell. Also, there are different types of living trusts, so make sure you are getting the correct one that suits your family situation best. This is not a “one size fits all” document.

3. Do you have an Advance Health Care Directive which empowers certain people to make health care decisions for you? There are new privacy laws that may hinder the release of your medical records. Make sure your health care directive complies with these laws. In some states, this document is called a “living will.”

4. Do you have Durable Power of Attorney? This document allows your named agent/s to act on your behalf in many circumstances. Make sure to find out *when* your power of attorney takes effect. It's great to have this document but it won't help you if it's not effective.

5. If you already have a good living trust, make sure it is properly funded. That means the “title” to your assets has been changed to the name of your trust. Otherwise, you have a beautiful document that may mean absolutely nothing.

6. Make sure you name guardians for your minor children in the event anything happens to you. People are often surprised to learn that anyone can literally be the guardian of their children. If you'd rather have certain people take care of your kids, make sure your legal documents address the issue.

7. If you are married, ask yourself if your spouse can do anything he/she wants after you pass away. For example, can they give all your assets to whomever he/she pleases or are there any restrictions. If there are any, what legal documents will enforce your wishes? What about your spouse's new husband or wife? Can *they* take all your assets?

8. If you have young children, it's usually a bad idea to have your life insurance policy payable to them. It's better to name your living trust as the beneficiary of the insurance policy.

9. If your estate is large (currently defined as over \$1 million unless Congress changes the law), you may be facing something called "estate taxes" after you pass away. Remember the value of your estate includes life insurance proceeds. Estate taxes can be about 55%, so it is a good idea to find ways to reduce your exposure.

10. If you are married, do either of you consider any of your assets "separate property" or is everything considered "community property?" This is significant for tax and inheritance purposes. It might be a good idea to reduce your "understanding" to a legal document that says exactly what it should say. Right now, this issue is receiving a lot of press as the owners of the Dodgers argue about what is or isn't community property.

11. If you own a business, who has the legal authority to act on your behalf if something happens to you? Who can your clients/customers turn to? Who can sign on your behalf? What legal documents have you created to account for this? If you have a business, it's important to ask yourself, "If something happens to me, what then?"

Remember that having a plan is so much better than having no plan at all. It's not that hard to do. Putting your head in the sand won't help. Just take the time to meet with a competent attorney who will help you design something that accomplishes your goals by protecting you and your loved ones.

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