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5 Mistakes in Estate Planning: Are You Protected?

Disclaimer

This is not legal
advice. Every
situation differs,
this is general
education
regarding estates
and estate
planning.



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Mistake 1

Adding someone to your account in case something happens to you.



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POWER OF ATTORNEY

DURABLE FINANCIAL

- *Adds Designee's name to bank account without the liability
- *Can be "immediate" or "upon incapacity"
- *Allows Designee to speak to banks, financial institutions, handle real property, pay bills, make financial decisions on your behalf.
- *Should be renewed every 5 years
- *Name 2-3 in succession but not as Co-POA's

MEDICAL

- *Allows Designee to speak to the doctor's on your behalf (HIPPA)
- *Allows Designee to make medical decisions on your behalf
- *Living Will: Clarifies your end of life wishes (comfort care, artificially sustained life, wait for family to gather)
- *A DNR is not a Medical POA
- *Should be reviewed every 2-3 years
- *Name 2-3 in succession but not as Co-POA's



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Mistake 2
Waiting until
it's too late.



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Guardianship/Conservatorship

- *When it's too late to sign a Power of Attorney
- *Sometimes needed for other issues
- *Requires Guardian to report to the court annually
- *Also used when incapacitated persons turn 18



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Mistake 3

Failing to have important information organized and accessible.



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Informational Binder

- *Important Contacts
- *Permanent Verifications
- *Assets
- *Debts/Responsibilities
- *Passcodes
- *Insurance Policies
- *Professional Contacts



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Mistake 4

Failing to understand the purpose of a will.



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Last will and Testament

ISSUE: Nobody owns the estate

*Probate Court

Note: Not a good idea to name co-personal representatives

There are specific requirements to make a will valid



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Mistake 5

Misunderstanding what a trust is, or thinking a trust is not needed.



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False Beliefs Regarding A Revocable Living Trust

- *I don't have a big enough estate for a trust
- *A will takes care of everything
- *My kids won't fight
- *I named beneficiaries on everything already
- *Once I sign the trust documents I'm done



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Benefits of A Revocable Living Trust

- *Trust lives on after trustees death
- *Distributions can be specified and controlled
 - real property
 - insurance payouts
 - liquid assets
- *Bypass issues with beneficiary designations
- *Protects heirs' inheritance from creditors
- *Can hold inheritance as long as needed
- *Avoid probate court



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