

Four Benefits of Estate Planning



People associate different images and ideas with the word “estate.” It often brings to mind mansions, vast amounts of land, cars, and cash. While these associations are common, estates are not only for the wealthy. Everyone has an estate. It encompasses your money, your property, and your belongings. It also considers your debts. Your estate is the sum of your assets, wealth, and legal rights and entitlements to property minus your debts, and it is crucial to plan for what will happen to it after your passing.

[Estate planning](#) is for anyone who wishes to transfer their assets to another person or entity (such as a charity or trust) after they pass away. It is also for anyone with children who would need to be cared for in the event of one’s death. This set of legal documents can help ensure that your desires are met when you can no longer speak for yourself.

Benefits of Estate Planning

Having an estate plan is more than just drafting a will or [creating a trust](#) to pass along your belongings after your death. It also includes planning for scenarios in which you become incapacitated and cannot make decisions on your own, as in the cases of dementia or coma. Consider the following reasons for creating an estate plan:

1. An estate plan helps you protect yourself.

If you become incapacitated, and your medical care and financial needs continue, it’s important to protect your own future and express your wishes while you are of sound mind. You will likely want your choices to be known if you can no longer speak for yourself.

[Health care proxies and living wills](#) are documents that deal with medical care and what you would and would not like done in different circumstances if you become incapacitated or too sick to express your wishes. A health care proxy is the designation of a person whom you will allow to make healthcare-related decisions on your behalf, while a living will goes into details of scenarios and desired treatments.

Powers of attorney allow you to designate a person to take care of your finances or perform legal actions on your behalf if you become incapacitated. For estate planning purposes, a durable power of attorney for finances lets you designate an individual to manage your financial affairs but does not allow them to make other decisions on your behalf.

2. An estate plan protects your beneficiaries.

Designating heirs for your assets gives you control over what happens to your estate after you pass away. Without a [Last Will and Testament](#) in place, the court determines who gets your assets – a process that can cost both money and time, not to mention one that doesn't consider who you want particular belongings or accounts to be transferred to. The court typically distributes an estate among living relatives; having a will in place allows you to bequeath your assets in varying amounts and at varying times to individuals, businesses, or charities outside of your family.

Note: Beneficiaries you have listed on any retirement accounts, bank accounts, life insurance policies, or annuities you own override any beneficiary designations for those specific funds that you list in your will. Therefore, it's important to update both your will and your account or policy beneficiaries should your family dynamic or distribution desires change. A will can only administrate the distribution of assets that are *not* otherwise allocated through a beneficiary designation.

3. An estate plan protects your children.

Your will allows you to protect your children by naming a guardian who will take on the responsibility of their care if you pass away before they turn 18 years old – or indefinitely if you have a child with special needs who requires continuous care. Without a will that names a guardian, the court will appoint someone of their choosing to continue to raise your children. This may or may not be someone who you would have chosen for the job.

Furthermore, if you have children or grandchildren who will be attending college in the future, you could consider setting up a trust to control how funds dedicated to education are distributed to your heirs. Not only can you state that money in a trust be used solely for education, but you can state the terms of when that money should become available and how you would like it to be distributed.

4. An estate plan helps prevent family conflict.

As part of your estate plan, you can decide how, when, and to whom the assets that comprise your estate will be distributed. When your wishes are clearly laid out, it becomes harder for family members to try to claim that they know your wishes best and alter the distribution of assets. It also makes it harder for family members to try to contest your will in court.

By creating a well-rounded estate plan, composed not only of a will, but also with guardian designations, a health care proxy, a living will, and powers of attorney, you can save your family from arguments about your wishes and desires. Being detailed in your will about the distribution of assets to your beneficiaries will also prevent misunderstandings and ensure that your assets are managed as you desire.

Updating Your Estate Plan

While it is common to put off creating an estate plan because it's hard to think about, it is important to create your plan when you are of sound mind and as soon as you have assets or children that you want



to protect. In other words, the earlier, the better. After you have the initial documents prepared, you can update them any time your needs change.

Consider the following life events and update your estate plan accordingly:

- Buying a house or otherwise acquiring property
- Getting married or divorced
- Having or adopting a child
- Caring for aging family members
- Losing one of your designated beneficiaries

If your estate plan is nonexistent or outdated, consider writing down your wishes as soon as possible.

As an active duty or retired servicemember, you have access to [legal personnel on base](#), and they will be able to help you create your will and draft a power of attorney at no cost. Setting up a trust typically requires the services of an attorney. The American Bar Association also maintains [a directory of legal programs](#) that are available to military families in each state.

Once you have your estate plan in place, use our [Estate Planning Personal Log](#) to record your wishes, the location of your estate planning documents, and other relevant end-of-life information. Let your family know where it is stored so they have guidance when the time comes. If you would like to take advantage of Navy Mutual's vault to store your estate planning documents, you are welcome to give us a call at [800-628-6011](tel:800-628-6011).

Only you can draft your estate plan, but we can help you make sure that your beneficiary designations on any life insurance policies or annuities you may own are up to date. You can change your beneficiaries at any time through the [Navy Mutual Customer Portal](#). To discuss life insurance options or make sure that your current policy fits your needs, you can call us at [888-300-9331](tel:888-300-9331) or email counselor@navymutual.org.

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