Articles

Will Power

According to a survey by the American Association of Retired Persons (AARP), less than half of people age 50 to 54 have a will. Unfortunately, without a will (or other way to transfer assets to beneficiaries), state law may end up determining how your assets will be distributed after you die. Depending on the laws of your state, if you have minor children, the court may choose their guardian if your spouse is not living. If you have a life partner but no will, the court could distribute your assets to your nearest relatives, and your partner may not receive anything. Or, if you intended to make a gift to charity, your wishes may not be carried out.

Below are general considerations for a will. State laws may vary widely. A will is a legal document that can have significant tax implications. The following information is not tax or legal advice, and you should consult with an attorney and/or tax advisor when creating your will.

When creating your will, consider ...

- In most states, you must be at least age 18 and of sound mind, which means you understand what a will is, know the extent of your assets and know your intended beneficiaries.
- You could purchase a form or computer software and create a will yourself. However, it's strongly recommended that you hire an estate planning attorney to help you.
- In most states, a will must be witnessed and signed usually by at least two people who aren't related to you and won't receive anything under the will.
- You may want to make a sworn statement and have your will notarized. If your will goes through probate after your death, the probate court can easily validate your will if it was notarized. Otherwise, the court may have to locate witnesses to prove it is valid.
- In most states, you must to appoint an executor, or personal representative, to settle your estate according to your will. The executor delivers the original will to your county's probate court after you die.
- You should review your existing and consider making a new will if you have a major life change, such as marriage, divorce, a significant change in your net worth, the birth, adoption or death of a child, or if you move to another state.

Some items to put in your will...

- Your name.
- A statement indicating that the document is a will.
- A statement revoking all previous wills.
- A guardian's name and one or more alternate guardians in case you and your spouse die for children under 18.
- Your executor's name, since this is the person who will oversee payments of your debts and distribution of any remaining assets from your estate after your death.
- Your specific bequests, which include any designated items or amounts of money you wish to leave to an individual or charity.
- Your general bequests, which include assets not designated for specific individuals that will be passed on to your beneficiaries as part of your estate.
- Your signature and date signed.
- Any other item required by your state.

What happens to the money in your Plan should you die?

Distributions of money from your Plan, any other qualified employer-sponsored retirement plan, or Individual Retirement Account (IRA) normally are handled separately from your will (as are proceeds from any life insurance policy you may have). You name beneficiaries who will receive money from those accounts. The retirement plan administrator will distribute the money to your beneficiaries when the beneficiaries present proof of your death and any other state-required documentation.

Make sure to review your beneficiary designations should you have any major life changes, such as marriage or divorce, and to keep your beneficiary designations current with your Plan's administrator. You'll also want to keep your information (address, beneficiary(ies), etc.) current with the administrator of any Plans you may have from previous employers.