

# Essentials to Estate Planning

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## **A WILL**

At your death, a will serves as a road map telling your personal representative how to distribute your assets to other people or to a charity. Without a will, you are powerless over how your assets are distributed. Instead, the laws of the state where your residence is (the state in which you live most of the time, vote, and have your driver's license) determine how assets are divided.

## **POWER OF ATTORNEY**

A general power of attorney permits the holder of the power to act on behalf of another individual, the grantor, and lapses upon the grantor's incompetence. A durable power of attorney survives the incompetence of the grantor and allows the holder of the power to act. This document can be used when a grantor lapses from competence to incompetence for periods of time.

## **REVOCAABLE LIVING TRUST**

A revocable inter vivos, or living trust, is an important part of the estate plan of many people. Inter vivos means "during life", which is when the trust is established. Revocable means that the creator, also known as the grantor of the trust, can change the terms of the trust or revoke it completely during his or her lifetime. Assets in trust are not part of your will; they are transferred according to the instructions in the trust document.

## **LIVING WILL OR HEALTH CARE PROXY**

By creating a will, you can articulate your beliefs on life-sustaining measures. With a health care proxy, sometimes called a power of attorney for health care, you can name a trusted individual to make health care decisions if you are unable to do so. The health care proxy is used only for medical purposes. Like a living will, the health care proxy states when life-support equipment should be disconnected and medical efforts should cease.

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