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Ultimate guide to retirement

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What is estate planning?

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Will my heirs owe taxes on my estate?

Wills

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Long-term care insurance

To put it simply, estate planning involves deciding how you want your assets distributed after you die (or become unable to make your own financial decisions). Estate planning can be complicated, so it's best to **consult a financial adviser** and a lawyer when drawing up your estate plan.

It's important to have a basic estate plan in place regardless of your net worth. Although it may seem like a morbid chore, estate planning offers several benefits:

You get to name the people to whom you wish to give your assets - and your wishes will be legally binding.

You can arrange it so that taxes siphon as little as possible from your estate.

You have the satisfaction of knowing that your financial affairs are in order, so you won't bequeath a costly administrative nightmare to your loved ones.

An estate plan can include several elements:

A will

Assignment of power of attorney, which gives the person you name the authority to manage your financial affairs if you are unable to do so

A living will, which is a statement of your wishes for the kind of life-sustaining medical intervention you want, or don't want, in the event that you become terminally ill and unable to communicate

A healthcare proxy, which authorizes someone you trust to make medical decisions on your behalf.

For some people, a **trust** may also make sense.

NEXT: [When should I start my estate planning?](#)

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