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Estate planning: It's never too early to start

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Waiting until the last minute could backfire for your family



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At this point, it's too late to talk.

A picture persists in the popular imagination of a grieving family huddled in the attorney's office, anxiously awaiting a reading of the deceased's will. That scene perpetuates some myths and mistakes of the estate-planning process, so it's time to forget about it.

A copy of the will is typically mailed to all people named in it, so relatives rarely gather at the attorney's office, elder law attorneys say. But more important, it's generally a lousy idea to make your heirs wait until you die to learn the details of your estate plan.

In fact, some experts advocate beginning the estate-planning discussion when adult children are still in their 20s. But if your kids are past that age, don't fret: Now's a good a time as any to give these matters the thought they deserve.

To be sure, estate planning may not be top of mind for busy boomers focused on planning their own retirements and helping their adult children launch their careers. Among benefactors planning to leave an inheritance, some 43% said it didn't feel like a pressing issue to discuss it with heirs, according to a recent survey of affluent Americans by UBS Wealth Management Americas. That's a whole lot of silence, and precious little urgency, surrounding the more than \$30 trillion that experts estimate will change hands by 2050 in the biggest wealth transfer in U.S. history.

Five real estate mistakes retirees make

Whether you're a new retiree or just about to be one, be sure to avoid these real estate pitfalls.

What's more, talk of asset transfers and advance directives packs the double taboo of death and money, said Mary Gresham, a clinical and financial psychologist in [Atlanta](#). "It's going to take consciousness and will to break it," she said.

Those who summon the courage to break these taboos—and who don't wait until old age to do it—will improve family communication and problem solving, experts say. While that may not seem like an urgent goal now, laying the foundation will help families function better in the decades to come, when health or elder-care crises are more likely to put family dynamics to the test.

To fully appreciate these benefits, it helps to understand what experts mean when they talk about estate planning.

Looking beyond dollars and cents

Estate planning invariably involves splitting up assets among heirs—the stuff of the proverbial meeting in the attorney's office. And yet, many parents aren't sure they'll have any money left over to give their children, nieces or nephews once they've paid for their own needs in retirement.

Still, that doesn't mean that there's nothing to discuss. Families might have property or a small business that they'd like to pass down to the next generation, and young adulthood is a great time to gauge children's interest in these family resources.

Parents can also talk about their stuff. When Gresham's three children were in their 20s, she gave each a list of 10 items of hers, including artwork and home furnishings, that would go to them individually. She stipulated that the rest would be sold, with the money divided equally.

Aside from a few cherished items, give your children permission to get rid of your stuff. "Possessions are a burden," Gresham said, and allowing your children to let go of them mitigates their future guilt. As for those special items, there's no reason you can't start giving them away while you're still alive.

Adding an educational component

One key component of estate planning involves naming an executor of the will, as well as financial and medical powers of attorney who can, respectively, execute financial transactions and make medical decisions on behalf of a loved one who is still alive but can no longer act for herself. "These things are really loaded, particularly when they're secret," Gresham said.

In addition to explaining whom they've designated for each role and why, parents can explain a bit about what these responsibilities involve. It's also important for adult children to know where to find key documents, such as the will, power-of-attorney forms, bank and brokerage account information, and any life insurance or long-term care policies that are in effect.

If adult children are still starting out, part of the estate-planning discussion can also involve educating them in financial concepts. Those who have just graduated from college might be signing up for credit cards for the first time and would benefit from a discussion of their responsibilities and what it takes to maintain a good credit score. Those starting their first job could learn the importance of contributing to their company retirement plan.

Setting the stage

It's best not to spring these topics on family members out of the blue, experts say. Wealthy families sometimes hold retreats at a resort, mixing serious discussion with recreation and relaxation over a few days.

But you don't have to be rich to approach the discussion deliberately, said [Paul Cummings](#), regional managing director at Abbot Downing, a [Wells Fargo](#) business catering to high-net-worth clients. Scheduling a talk around a holiday is fine, he said, as long as you let members know in advance that you'll be talking turkey after eating turkey.

It's helpful to give children a heads up about the topic under discussion. Saying something enigmatic like "we have to talk" could cause them to worry that there's an impending divorce or a cancer diagnosis to discuss. "Don't make your kids panic for no reason," said Marlene Stum, professor of family social science at the [University of Minnesota](#).

Those whose children have married will have to decide whether to include spouses in any estate planning discussions. The key here is consistency, experts say: If you invite one spouse, you have to invite all of them.

Gresham advocates laying the groundwork for the estate-planning talk with a few separately held, lead-up discussions on family values and history. After all, she said, "You want to build a sense of bonding and family before you introduce material that could be emotionally loaded."

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