

# " Tool Kit to Build for Legacy"

The following are useful things you need to build a legacy for your family.

1. **Pre-Need** – this will relieve your family of the responsibility of deciding what you would have desired for your burial. Give you the opportunity to provide detailed instructions of your final wishes.
2. **Life Insurance** – name a beneficiary (please see below for the types of beneficiaries)

**Primary beneficiary** – the one person (or persons) who will receive the proceeds of the life insurance policy.

**Contingent beneficiary** – the person (or persons) who will receive the proceeds of the life insurance policy only if the primary beneficiary dies before the named insured.

**Revocable beneficiary** – the owner of the life insurance policy has the right to change designation of beneficiary at any time without consent of the previously named beneficiary.

**Irrevocable beneficiary** – the owner of the life insurance policy cannot change designation of beneficiary without the consent of the original beneficiary.

## Things to consider when choosing a beneficiary:

**Family** – one or more of the immediate family members. Your primary and contingent can include your spouse and or a domestic partner, children, siblings, parents, or any other members of the family.

**Legal guardian** – if the named beneficiaries are minors (under the age of legal consent) may be required by the insurance company.

**Estate** – can be used as beneficiary, the proceeds will go to the executor or administrator of the estate. This person or entity is designated by the insured's Last Will and testament.

**Trust** – must be set up before you can designate one or more trustees and name the trust beneficiaries.

**Charity** – can be named as either a primary or contingent beneficiary.

**Key person life insurance** – a common practice for a business to purchase life insurance on key persons in the company

**Per stripes** – allows you to designate beneficiaries by branches of the family lineage. This means that proceeds will be passed down to be divided equally among the beneficiaries and/ or the surviving children of the beneficiaries.

**Per capita** – the proceeds are divided equally among all the beneficiary survivors of the lineage line.

### Things to Consider Dos and Don'ts

- Identify the primary beneficiary (include full name, DOB, Social security number)
- Designate percentages rather than specific dollar amounts
- Include a secondary or contingent beneficiary in your policy
- Re-visit the life insurance policy every few years to ensure information is current
- Amend your life insurance policy as circumstances change, for example new additions to the family or death of a beneficiary or divorce
  
- Don't generically name a beneficiary such as "wife", or "spouse" or "children". This could lead to legal issues.
  
- Don't forget to include anyone such as adopted children or grandchildren if you have named heirs as your beneficiaries, contingent beneficiaries, etc.
  
- Don't use "estate" as a beneficiary if you have specific family members that you want to receive the proceeds. This could entangle the proceeds in an estate probate that could cause potential tax issues.
  
- Don't name minors unless you have a designated guardian for the minor children
  
- Don't have a separate owner, named insured, and beneficiary on a policy; it could result in tax issues.
  
- Don't name creditors as a beneficiary

- 3. Last Will & Testament** - this will state what happens to all assets after death. This includes but is not limited to, your estate, property, possessions, money and children.

#### The Why & What to your last will & testament

Why a Last Will – it allows you to distribute what you have work hard for; otherwise it could result in the distribution being left to the state to decide. Leaving heirlooms to be auctioned off and proceeds going to the government. Drafting a last will ensures your estate is handled according to your preference.

What you should know when creating a Last Will -

- List your beneficiaries
- Appoint an Executor of your Last Will
- Appoint an Alternate Executor
- All your children must be listed
- Witnesses

- 4. A Living Will** – also known as a directive to physicians or advance directive, is a document that allows you to state your desires for end of life medical care, in case you

become unable to communicate your decisions. ***This document holds no power after death.***

**5. Payable on Death** - "POD" an arrangement you have with your banking institution or credit union that designates a beneficiary to receive all assets. This transfer is triggered by the death of the client.

**6. Right of Disposition (Who has a right to do it)**

The person designated in a written instrument signed by the decedent

The decedent's surviving spouse

Any one of the decedent's surviving adult children

Either of the decedent's surviving parents

Any one of the decedent's surviving siblings

Any adult person in the next degree of kinship in the order named by law to inherit the estate of the decedent

**7. Letter of Last Instructions** – this serves as a document of last instruction, it is informal and will help with the funeral planning process.

**Include in your letter**

- Personal information to help make paper work easier (Full name, address, SSN#, DOB and place of birth, father's name and mother's maiden name)
- Location of a will (if there is one)
- Names of and contact information for friends and family member to be notified of death
- Location of all personal documentation, including but not limited to, birth certificate and Social Security card, marriage papers, citizenship papers, military discharge papers
- Information regarding any formal burial plans already prepared
- Membership information for organization, pensions and other clubs that might help cover funeral costs
- Financial information about bank and savings accounts (include locations of safe deposit boxes and other hidden accounts)
- A list of all insurance policies (and the beneficiaries) as well as information on accessing them
- Names and contact information for relevant professionals (lawyer, executor of the estate, insurance agents, accountants, investment brokers)

Place copies of this document in a well accessible place known to more than one family member or trusted advisor.