



DON'T TAX YOURSELF

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Estate Planning for Child-Free Adults

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DURING YOUR LIFE

When preparing your estate plan, it is of utmost importance to ensure that you have documents in place so your spouse or another trusted individual can make medical and financial decisions on your behalf in the event that you are incapacitated or otherwise unable to make such decisions for yourself. This can be, but does not need to be, the same person. You can choose one person to make medical decisions on your behalf and another to make financial decisions.

AFTER YOUR DEATH

You should consider to whom you wish to leave assets after your death. It is possible to name beneficiaries of both non-retirement accounts and retirement accounts. This works well if your beneficiaries are charities or are individuals who are mature enough to manage their inheritance. If you wish to benefit persons who are not able to manage their inheritance, establishing a trust works well. Such a trust would be for the benefit of you and your spouse, if any, during your lifetimes, and then for the named beneficiaries after your deaths. You should think about whom an appropriate trustee for each beneficiary would be. It often works well to have a family member act as trustee along with an Independent Trustee (someone who is not a beneficiary of the trust and is not related to the beneficiary).

Another benefit of incorporating a trust into your planning is that assets that are held in trust are available to and under the control of the trustee to be used for expenses of administration such as estate taxes, final income taxes, and final expenses such as unpaid medical bills and funeral expenses. Funding a trust during your lifetime can significantly reduce the expenses of administration.

It is important to remember that even if you do not plan on leaving assets to family members, you should provide your attorney or another trusted party with a family tree. In Massachusetts, there is a requirement that your heirs-at-law be provided with notice of probate proceedings. Leaving a list of your heirs-at-law will save those individuals that you want to benefit from your estate both time and money.

You should give careful consideration to whom you will nominate to act as your Executor (now known as Personal Representative in Massachusetts) as well as Trustee(s), if any. It is the responsibility of your Executor to file your final income tax returns, file your will with the probate court and, if necessary, probate your will and distribute your assets in accordance with its terms. This is a time-consuming job that carries considerable responsibility.

There are many considerations when developing an estate plan for child-free adults and each situation is unique. Talking with an estate planning lawyer can help you determine the best plan for your situation.