



Independent, locally owned and operated!

www.lamorindaweekly.com 925-377-0977

Published February 17th, 2010

LYNN'S TOP FIVE - SENIOR POWER!

By Lynn Ballou, EA, CFP



Lynn Ballou is a Certified Financial Planner (CFP) and co-owner of Ballou Plum Wealth Advisors, LLC, a Registered Investment Advisory (RIA) firm in Lafayette. Lynn is also a Registered Principal and Branch Manager with LPL Financial (LPL). As such, she is required by securities regulations to add the following information to this column: The opinions voiced in this material are for general information only and not intended to provide specific advice or recommendation for any individual. Securities offered through LPL Financial, member FINRA/SIPC. Reach Lynn Ballou at lynn@ballouplum.com

My husband's parents, in their late 80s, are living in Livermore now. Up until last year, they had spent the past 30 years enjoying retirement in the rural foothills of the Sierras, living in a home they built themselves, on a few acres, with gorgeous views and an abundance of wildlife. All was well, life was enjoyable and everything was fine until very quickly, the aging process caught up with them and it became clear that immediate action was necessary.

Thankfully, although they are very private people, they are also very smart. Powers were in place to allow their four children to swoop in and make all the arrangements necessary to relocate them close by, in a lovely and safe environment, and to manage their medical care and financial well being. How? Because not only had they set up a will and living trust, but even more importantly, they paid attention to all the powers associated with that trust, kept them very current and did a good job of communicating these plans with their children in advance.

When you think about your estate plan, you typically focus on what happens to your assets when you pass away. And ultimately important though that is, we often gloss over the aspects of estate planning that actually allow those whom we trust to make decisions for us while we are alive, if we cannot appropriately or completely make them for ourselves.

I spoke recently with Paula Leibovitz and Annette Knox, two local and extremely knowledgeable estate planning attorneys, who are in fact Certified Specialists in Estate Planning. They shared with me their thoughts on what Seniors need to focus on now.

1) WHO WILL BE THERE FOR YOU? Paula, whose practice, Leibovitz Law Group, is in Orinda, says "My big focus with seniors is to make certain they have a successor in place that can assist them should they become incapacitated or unable to help themselves." It's so easy to lose track of what you may have set up many years ago. It's time to dust off the plan and see if those you have named are still appropriate. Often you'll find your children should now step into roles that you may have previously thought your friends or siblings could handle. As we all age together, it's difficult to think about who will be capable and caring in these roles in the future --- not just today. Those we thought to lean on earlier in life, may no longer be the best choice.

2) A LIVING TRUST SERVES BEST WITH GREAT POWERS! It's astonishing to me how many of us think we are done once we have our will and trust in place. However, as Annette, who practices with Donahue Gallagher Woods in Walnut Creek discusses, "A common misconception among clients is that if they have a living trust, they do not need a durable power of attorney. The durable power of attorney is still a necessity in the event of incapacity because the trustee may have no control over certain assets or matters, for example, filing individual tax returns." Powers, in concert with your will and trust, complete your plan.

3) WHAT'S THE BACK UP PLAN? Both Paula and Annette, pointed out that often we forget that we also need an alternate solution in place. Sometimes those we would like to lean on will no longer be available to us in time of need. For example, one of our client's had named a niece as successor trustee. Subsequently the niece encountered a complex personal situation that no longer enabled her to serve in this role. Thankfully successors were listed and were in place to spring into action when needed. Without those successors "the court would have had to step in to appoint a successor trustee and possibly a conservator to oversee her other financial and personal affairs," Annette clarified.

4) DIFFERENT POWERS, DIFFERENT PEOPLE? We run into this issue quite frequently in our own practice. If you are not comfortable having the same trustees handle your medical care as would handle your financial affairs, it's okay to separate those duties out! That is in fact, exactly what my husband's parents have done, using the skill set of each of their children, their emotional capabilities and their physical proximity (or not!) judiciously.

5) ACCOUNT TITLING AND BENEFICIARY DESIGNATIONS: This is an extremely important issue. Frequently in the day to day craziness that is life, we do things that are expedient --- but not necessarily correct! We might dash in and open a Roth IRA on April 15th, or refinance our home and then be rushed to meet the deadline, not really knowing what to do about titling and designating beneficiaries and just putting something in on the fly, saying to ourselves that we'll fix it later! But will we? All of your assets need to be considered to be the elements of your plan that are out in the world, but still need to be brought back to the fold. Paula notes that "the correct title on an account and the language on a beneficiary designation can be as important as what your will or trust says!" Keep with you written instructions from your estate planning attorney regarding how to list assets and how to write up beneficiary sections. That way you'll get it right the first time!

So, as part of your tax season preparation process this year and every year, make a commitment to yourself to dust off your estate plan, read through it carefully and check out who you've named as your support team with these Powers. Consult with your legal team to correct and update items that need change. And, very private though you may be, be sure to communicate your plans to those whose job it is to be there for you when you cannot be there for yourself! And as Paula reminds us, "it's also good to let everyone know where documents and accounts are." Let's not make this a mystery hunt! It will be so much better for all when the time comes for the plan to spring into action if your team is knowledgeable and ready to go!

Reach the reporter at: info@lamorindaweekly.com

Copyright © Lamorinda Weekly, Moraga CA