

# Estate Planning 101: 7 Documents to Consider Having a Part of Your Plan



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This is the first of a 2 part series on the basics of estate planning. This installment will focus on the 7 types of documents that may comprise a basic estate plan. The next installment will focus on key decisions and pitfalls.

## Types of Documents

### 1. Last Will and Testament

This document allows you to control how your estate will be handled after you pass away. Assets passing through your estate will be governed by the document and it will direct your executor to pay liabilities and estate taxes as well as manage the assets until they are distributed from your estate. If you die without a will, state law (the “laws of intestacy”) will determine how your estate will pass.

### 2. Revocable Trust

This document allows you to direct how certain assets are distributed to beneficiaries at different life events, including death. It can be changed and is not irrevocable. It will require additional coordination from you and your advisors to ensure assets are titled correctly but the document can allow you to transfer assets to a beneficiary at your death without going through the public and time-consuming probate process.

### 3. Letter of Intent (Specific Bequests)

For smaller bequests of specific household or sentimental items, individuals often complete a Letter of Intent that is referenced in their Last Will and Testament or Revocable Trust. If you have a family ring or heirloom that you want passed to a specific child, this letter can work in tandem with your other estate planning documents to direct your executor or trustee to transfer the asset.

### 4. Power of Attorney

A Power of Attorney is the authority to make decisions on behalf of another person. The power holder is called an agent or attorney-in-fact. The powers can be limited to certain types of transactions or can be very broad and include anything you could do yourself. Powers of Attorney are often drafted to be triggered by or terminate with your disability. A Springing Power of Attorney does not become effective until your incapacity. While a Springing Power of Attorney can prevent a misguided agent from taking action while you are able to make decisions yourself, it can also create delays at your incapacity as establishing such incapacity will have to be legally established. A Durable Power of Attorney is effective immediately and explicitly stays in force should you become incapacitated. A Power of Attorney can be critical if a financial institution needs to wire funds and you are out of the country or stranded in a remote area unable to approve a wire.

### 5. Health Care Directive (Living Will)

This document specifies your wishes and preferences about your health care and what happens in the event an individual is no longer able to make decisions for themselves. If you do not have one in place, you will still receive medical care at hospitals and doctors will do all they can to assist you. Some of the powers this document can grant

include the ability to admit or discharge you from a hospital or facility, direct how you will be treated with a terminal illness, and outline what will happen to your body after you pass.

## 6. Medical Power of Attorney

A medical power of attorney allows you to give authority to an agent to make health care decisions for you. Some states combine this form with the Living Will.

## 7. HIPAA Authorization

This document permits medical personnel to provide information about your medical history to individuals specified on the form. It allows your agent to accompany you in an ambulance or air ambulance.

Understanding which documents to expect is one step in this process. We will address other issues beyond the documents that must be addressed in preparing an estate plan, from key decisions to pitfalls to be avoided, in the second of the Estate Planning 101 series.

Learn how Pathstone can [help you with your estate plan](#).

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