

Young Family Planning

I remember when I had my first baby; there were diapers to change, pediatrician appointments to attend, teething, shots, and firsts of all sorts. As my kids got older there were drop offs and pickups, games, school conferences, lessons, and homework. There was no time for anything extra. Parents have that in common. We also have in common the overwhelming desire to keep our kids safe. We plan healthy menus, buy organic food, start college plans and attend yearly well visits. However, statistics show most parents have not done any planning for their unexpected deaths. This is understandable as it is not a pleasant topic to consider, but getting it done will bring peace of mind.

The reality is that if you have not prepared legal documents, other people, likely strangers, will decide the fate of your family. If you die intestate, without a Will, your Estate will be distributed in accordance with predetermined state guidelines. A Court will decide who becomes the custodian of your child, who will manage their money, and how the money will be managed. Your kids will be given the balance of their inheritance at age eighteen (18).

In order to prevent this from happening most families will only need a simple and inexpensive plan. It is best to speak with an attorney so legal documents can be prepared and executed properly. Here are some things to think about before you meet with your attorney.

Who will care for your child:

You will need to choose a Guardian to care for your child in the event of your deaths. This person will have physical custody. Most couples have the discussion about who will serve in this role at some point or another, and may even ask a family member or friend. However, if the decision is not set forth in legal documents, there is no guarantee that your wishes will be followed. The worst thing for your child would be a fight over custody among family members. Doing a simple Will and naming a Guardian can alleviate this concern. When deciding on a Guardian you should consider the Guardian's age, health, physical location, financial ability, and most importantly willingness to serve. You will also need a back up in the event your first choice is unable to assume guardianship.

Who will take care of your child's finances:

You will need to decide who will make financial decisions for your child until they reach an age when they can make sound decisions for themselves. You cannot give a minor a large sum of money without involving the Court in an expensive proceeding. To get around doing this you will appoint a Trustee to manage your child's money. This person can be the same person as your Guardian or someone different. Typically a Trust will be set up for the benefit of your child and a Trustee named to manage the assets of the Trust. The Trustee will pay from the Trust costs of care, health, education, and other expenses in their discretion. I would suggest you appoint a person with good judgment and money

management skills, but this person does not need to have any special skills. Legally any Trustee can hire lawyers, investment and tax advisors, and other professionals to help them. You will also need to choose a back-up in case your first choice is unable to serve.

How will you fund the Trust

If your family is like mine expenses are high when the kids are growing up and there is not a lot of extra income for savings. A good way to make sure there is money to support your child if the worst should happen is term life insurance. It is inexpensive, easy to obtain, and can be put in place until such time as your child reaches an age where they can care of themselves. It is important to talk to your attorney about how to fill out beneficiary designations on life insurance and other accounts.

Planning for a tragedy, however unlikely, is an important part of being a responsible parent. Having a good sound plan will ensure your child will be cared for by the right person and will be provided for financially if you cannot do so yourself. Consulting with an attorney who prepares properly executed legal documents is the best way to make sure this happens.

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