

HOW WE VIEW ESTATE PLANNING

Estate Planning is the part of your financial planning that maximizes the chance that your wishes, with respect to both medical and financial affairs for you and for your dependents, will be carried out in the event of your death or disability.

You do not have to be wealthy to benefit from good estate planning. You just need preferences about how your wealth and your life will be managed for you, and for your heirs and dependents, if death, disability, or old age prevents you from managing personal affairs yourself.

As with other parts of your financial planning, your estate planning will change with changes in the law, in best planning practices, and in your personal circumstances and preferences. As your financial advisor, our job is to keep your estate planning tailored to your personal circumstances and desires as they evolve, with minimized administrative hassle to you.

We also work hard to keep your estate planning files current and accurate so that all will go smoothly when your estate plan documents need to be implemented.

It is important to note that we do not prepare legal documents, such as wills or trusts. Instead, we work collaboratively with you, your attorney, accountant, trust officer, insurance agent(s), named personal agents, and heirs to help ensure that all aspects of your estate planning are current and appropriate, well-integrated into your overall financial planning, and communicated according to your preferences to your advisory team and heirs.

In addition to the allocation of wealth to heirs, estate planning includes:

Naming Agents: Estate planning involves the naming of your preferred agents, that is, the people or corporate entities who will make medical and financial decisions for you if you are unable or uninterested in doing so yourself. Your named agents will also be responsible for settling your affairs after you die. Estate planning also offers the opportunity to indicate your preferences for who will take care of your minor children—and pets and other dependents—and their finances if you are not able to do so yourself.

Tax Planning: If your estate is large enough to be subject to a Federal or state estate tax at your death, there can be estate tax planning to consider. Plus, regardless of whether or not your estate will be subject to estate tax, there are sometimes consequential tax planning opportunities from exploiting differences between estate tax and income tax rates and differences between your income tax rates and the likely income tax rates of your heirs.

Legacy Planning: Estate planning in its broader sense also encompasses planning for personal legacy goals and aspirations. In essence, your answers to such fundamental questions as:

- What has meaning to me?
- For what would I like to be remembered?
- What do I want to accomplish before I die?

How you go about implementing your answers to these questions is perhaps the most personal part of your estate planning.

Personal Decisions: There are a myriad of personal decisions to consider, including:

- When and what do you want heirs to know of your estate planning decisions?
- What direction will you give to your advisors about the trade-off between optimizing tax planning versus minimizing planning complexity?
- What direction will you give to your medical agent about your end-of-life preferences?
- Will you leave your agents a “roadmap” of your personal affairs to make their job easier?
- Will you delegate estate settlement duties to a professional third party?
- What process, if any, will you suggest for the disposition of your personal property?
- What planning will you do for final services, disposition of your body, notification of friends and family, and the writing and publication of your obituary?
- Will there be charitable intentions to fulfill during lifetime and / or post mortem?
- Do you want wealth for you or your heirs protected from the claims of creditors, including claims arising from a possible future divorce action?
- What planning will best serve your minor children? Your pets? Your closely held business?

- After your death, will anyone be surprised by anything about your estate planning?

The typical process for estate planning at Hogan Financial includes:

Starting from the outset of our relationship with you: We will want a copy of your current estate plan documents, including your will, revocable trust(s), and any existing irrevocable trusts or other legal agreements, as well as beneficiary designations for life insurance and retirement accounts, copies of gift tax returns that you might have filed in previous years, and copies of trusts for which you serve as trustee or set up yourself as the grantor. We will also want to understand how each of your assets is titled and which, if any, of your debts might be forgiven upon your death or incapacity as well as what, if any, final arrangements you have made or prefer. We will also ask about your named agents and how to get in touch with them, your preferences for tax planning, and specifically your taste for complexity versus simplicity. Understanding the possibility of your inheriting wealth from others, or of wanting to provide financial support for others, is also relevant, as is the degree to which you incorporate such possibilities into your planning.

As a matter of firm policy, we aim to surface and organize necessary planning data but always in a manner that minimizes administrative hassle for you. For example, with your permission, we can gather estate plan documents directly from your attorney. Account titles are often visible to us through public property tax records and from the financial account statements that you provide to us. Plus, in our initial conversations with you, we listen for information that might have estate planning relevance, and we ask follow-up questions as appropriate.

Throughout our relationship with you: We listen for evolving information about your legacy aspirations and preferences and monitor your finances for estate planning implications. We bring to your attention when we see a reason to circle back with your attorney for advice about either a change in your circumstances or a change in law or planning best practices. We work continuously to keep your estate planning files current and accurate. We also keep on the planning agenda the question of when, how, and in what depth you might want to communicate your estate plan to your heirs and named agents. We look ahead to your likely next financial life stage and consider if your estate planning is appropriately arranged for that next life stage. We are at the ready to help implement estate planning when you or someone close to you becomes incapacitated or dies.

When it is time to visit with the attorney: If you agree it is timely to circle back with your attorney, with your permission, we provide your attorney with your current estate plan documents, as well as current demographic and financial information, and a heads up about the potential estate planning issues we have identified with you in financial planning meetings. We can arrange the time and date for the planning meeting with your attorney and either host the meeting in our office or join the meeting in your attorney's office. Our experience is that when you allow your financial advisor and attorney to collaborate both in person and between meetings on your behalf, the planning result is often notably better. Attending meetings with you and your attorney is a routine part of our services that we encourage you to use. NOTE: Our policy is to work with the attorney of your choosing. If you do not have an attorney, we can recommend several for you to consider.

After your visit with the attorney: The update of your estate plan is not complete until the agreed upon planning strategies are implemented. To assist with this process, we typically forward to the attorney a list of your assets, highlighting those with beneficiary designations and those for which account titles are timely for attorney review. Updating of account titles is typically arranged by us for investment accounts, by you for daily bank accounts, and by the attorney for real estate holdings. For updating beneficiary designations, depending on attorney preference and planning complexity, we can either complete beneficiary designation forms for your IRA accounts and life insurance policies for your signature or forward appropriate forms ready for the attorney to complete and present to you for signature. Updating other beneficiary designations, e.g. for your retirement accounts at work, may only be possible with your direct participation.

When you shift from one life stage to another: Central to the financial planning process is looking ahead and preparing for the next financial life stage and ensuring a smooth transition from each financial life stage to another. Financial life stages shift when children are born and as they grow; when there is a change in marital status or personal wealth; as your career unfolds; when intentions for charitable or family gifts evolve; when out-of-state real estate is purchased; and, with age as you start, or prepare for, navigating incapacity and death.

At each of these life stages, there are new personal considerations and often a desire for new family conversations. We are at the ready to assist with both identification of those planning transition points and the development and implementation of best next steps for your planning.

As we work with you through each financial life transition, a fundamental part of our job is to assist in keeping all aspects of your financial planning current and tailored to you. We are convinced that



our working together with you and your specialist advisors, including, for example, your estate planning attorney, will bring you more financial well-being and peace of mind and often also less taxes and administrative hassle as well.

Keeping your estate plan current is one of the best gifts that you can give to your heirs. Let us help.

For more information about our services, please email us at info@hoganfinancial.com or call us at 414-352-9111.

You can follow us at:

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