

5 Estate Planning Strategies For Singles

Single people without kids often think they will live forever.



Are you single with no kids and approaching retirement? If so, you probably have not given much thought to estate planning. You may have been busy building your career, socking away money and enjoying your time off with weekends away and exotic vacations. As you inch closer to retirement, it's time to seriously think about your estate plan. Here is what it should look like.

Execute a power of attorney and a health care proxy. These documents are used while you are still alive, and will enable you to select who is going to make important financial and medical decisions for you if you cannot make them for yourself. Since you are single, you need to ensure that you have named someone you trust to make these decisions for you. When you

die, the power of attorney and health care proxy are no longer valid, so you also need to create a will and trust.

Make a will. Who do you want to name as the executor of your estate? This person will attend to your affairs after you pass, probate your will if necessary and pay income and estate taxes. The beneficiary of your will should be a revocable trust that you create during your lifetime.

Create a revocable trust. Who benefits under your revocable trust? While you are alive, you should be the primary beneficiary. You may also want to provide benefits for your significant other, particularly if you live together and you are the primary breadwinner. You need to name the beneficiaries who will receive the assets upon your death. Perhaps you want to provide an income stream for your significant other after you die. Or, you may want to give him a place to live with the assets passing to nieces and nephews on his death. If your nieces and nephews are young, consider holding any assets for them in trust until they are old enough to handle the money themselves. Who will be the trustee of the trust? You can be the trustee while you are alive and have capacity. You also need to name a successor trustee to manage the trust assets in the event you cannot manage them yourself. The successor trustee will play an important role if you are incapacitated. As a single person, naming someone to manage the assets for you is a critical component of your planning.

Fund the trust now. The importance of this step cannot be overemphasized. If you fund the trust during your lifetime, and are later incapacitated, the successor trustee will be able to use the funds for your care. Without it, those close to you may have to petition the local probate court to have a guardian or conservator appointed. That is a costly and time-

consuming endeavor, and leaves the decision of who will be in charge of your assets at the mercy of a probate court judge. Fund the trust now so that you control the decision as to who will manage your assets. An added benefit is that you will also avoid probate.

Consider estate taxes. A lot of singles do not mind if their beneficiaries receive less while the government receives more. After all, the beneficiaries are receiving a windfall anyway so what do a few extra dollars of taxes matter? But if you do care, there are other planning options to consider. For instance, you may want to look at charitable planning as a way to reduce taxes and give back to those charitable institutions that have played an important role in your life. Or you may consider making lifetime gifts to family and friends. Clients sometimes ask if they should get married to take advantage of the increased estate tax savings that couples have. If that is the sole reason for the marriage, the answer to that is usually a hard “no.”

Single people without kids often think they will live forever. They have no offspring pushing them towards their own mortality. If you are that single person with no estate plan, do not wait until the last minute. Death bed planning is not fun, and neither is becoming incapacitated and not having named the right people to care for you and your assets. Put a plan in place to take care of yourself now while you are the decision maker.

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