



Welcoming a New Family Member This Year?

What every new parent and grandparent should know about wealth planning

Having a child or grandchild is a joyful milestone, but it also marks a new era of responsibility – especially when it comes to your family’s long-term financial wellbeing. If you’re a new parent or grandparent, now is the time to confront the “what if” questions that may have seemed remote before. What would happen to your loved ones if something unforeseen occurred? Who would care for your children, and how would your assets be managed?

Key Discussion Points

1. The Importance of Estate Planning for Families

- Many put off estate planning, yet the arrival of a new family member is an ideal catalyst.
- Without a plan, state laws and courts decide asset distribution and guardianship – potentially leading to family conflict and undesired outcomes.

2. Essential Estate Planning Documents for Parents

- **Will:** Directs asset distribution and names an executor and guardian for minors.
- **Revocable Living Trust:** Adds probate avoidance and flexibility, naming a trustee to manage assets.
- **Financial Power of Attorney:** Authorizes someone to handle financial matters if incapacitated.

- **Healthcare Directives & Living Will:** Appoint decision-makers and outline care wishes.
- **Updated Beneficiaries:** Ensures retirement and insurance accounts pass as intended, superseding will provisions.

3. Understanding the Roles: Executor, Trustee, Guardian

- **Executor:** Distributes assets as directed in your will.
- **Trustee:** Manages trust assets for beneficiaries, often your children or grandchildren.
- **Guardian:** Responsible for the daily care of minors.
- Highlight differences and the option of naming separate or the same individuals for these roles.

4. Should Roles Go to Family or Professionals?

- Weigh age, location, family circumstances, financial skill, and personal dynamics.
- Courts take parents’ wishes seriously but ultimately decide guardianship for minors.

5. Continuing Trusts for Young Beneficiaries

- Trusts protect minors from receiving large sums directly.
- Address terms of distribution, trust duration, and trustee selection.

6. Life Insurance Considerations

- **Term Insurance:** Affordable coverage during child-rearing years.
- **Permanent Insurance:** Long-term, with possible investment value.
- Possible advantages of using an irrevocable life insurance trust to avoid estate taxes.

7. Grandparent Strategies

- Updating old estate plans to include new grandchildren.
- Discussing educational funding (e.g., 529 plans), gifting strategies, and trusts.
- Using checklists to facilitate multigenerational planning conversations.

If you've recently welcomed a child or grandchild, now is the time to consult with an estate planning attorney or tax professional. As your advisor, I'm here to guide you through the decisions that will secure your family's future – so you can focus on what matters most: cherishing these new beginnings.

Ready to take the next step? Schedule a financial planning review to ensure your growing family is protected and your legacy secured.

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