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8 Major Life Stages and Estate Planning

When you are 60, chances are you're not the same person you were when you were 40 and your estate plan should reflect the changes you've experienced. Here is a rundown of the estate planning tools you should have at the beginning of life's journey, midway through, and when approaching the final leg.

1. Young, single and carefree! When you are a child, your parents can make financial and medical decisions for you. Not true when you turn 18. If you want your parents to be able to make medical and financial decisions for you if you are unable to make these decisions due to an injury or disease at this life stage. You need to have four documents (called "advance directives") to allow them to do so. They are: 1) General Durable Power of Attorney for finances, 2) Health Care Surrogate for medical decisions, 3) Living Will to lay out your wishes regarding life-sustaining medical treatment, 4) A Health Insurance Portability and Accountability Act, or HIPAA Release, to allow your agent to discuss your medical condition with your doctor without violating patient privacy laws. Without these documents, your loved ones may need to go to court to seek guardianship over you to make these decisions for you. This is costly, time consuming, and easily avoided with these 4 documents.

2. We're Married! You may or may not want a prenuptial agreement, but you should revise the 4 advance directive documents listed above to make sure your spouse can control your financial and medical decisions if you ever become incapacitated. You probably need to have a will or trust at this life stage, need life insurance if you own real estate together, and revise your beneficiary designations on investments and insurance to include your spouse.

3. We're Parents! Update your will to include designating the guardian of your children and include trust provisions if you don't want your child to inherit everything at the age of 18. Consider increasing your life insurance amount at this life stage.

4. We're Getting Divorced! You don't want your spouse or ex to receive your insurance or make financial or medical decisions any longer, so changing beneficiary designations on accounts, revising the 4 important advance directive documents listed above, and changing your estate plan is important at this life stage.

5. Single Again: Death of a Spouse. Not unlike a divorce: revise your beneficiary designations, revise your 4 advance directives, and revisit your estate plan at this life stage.

6. Yours, Mine and Ours: Blended Families. Things can get complicated- and fast! A premarital agreement is very important to keep from unintentionally disinheriting your kids in favor of your step-kids or your new spouse's next spouse in the event of your death or divorce. Fortunately, with proper (and very careful) estate planning, you can both honor your vows to your new spouse and provide an inheritance that is protected *for* and even *from* your own children.

7. Whoa, Almost Retired! Medicare does not cover long term care, only rehabilitative care. While your health is still good, consider Long Term Care Insurance.... there are newer types that will conserve your premiums invested, even if you do not need the insurance for care.

8. We're Retired! An exciting yet bittersweet stage of life. This is the critical life stage to implement ***all*** the above advice to keep your planning up-to-code. Revisit your beneficiary designations and life insurance coverage and keep your will or trust up to date (things change the most at this stage with births, deaths, divorces, family relationship changes, etc.), and consider pre-paying funeral expenses for an easier transition for your loved ones.

We can help you coordinate the beneficiary designations on your life insurance and retirement plans with your estate plan to avoid unpleasant, unintended consequences. An estate plan is not a group of set-it-and-forget-it documents. Changes in life and changes in the law necessitate a review on a regular basis. If you or your clients have not reviewed their estate plan in the last three or four years, now would be a good time to schedule a meeting with an estate planning attorney. We are certainly available to assist you with this.