How to Make a Simple Estate Plan in Just 10 Steps

It's tough to think about what will happen when you or your parents are gone. This guide can help.

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Estate planning is a difficult topic to bring up, but it's a very necessary conversation to have. If you're older, or if you have elderly parents, it's important to be prepared. Here's a rather simple 10-step plan to help facilitate these tough discussions and get an estate plan in place for the day when it's needed.

1. Draw up a list of assets

This step can be more fun than some of the others, especially after a lifetime of wise investing.

Simply go through your home — or, if you're helping elderly loved ones, go through their home with them — and make a note of anything worth more than $1,500. Go outside to the driveway and the yard, and do the same.
After that, count up any recreational or rental properties, as well as any vehicles or anything else of value that's off-site.

Then, add nonphysical assets such as investments, bank accounts and insurance policies. In the end, you will have an easy-to-check asset list.

2. Make a list of debts

This step can be more sobering than taking stock of assets.

List any outstanding debts, which may include credit card balances, auto loans and mortgages. The bank will always go after an estate for any money that it is owed. It's better for family members to know upfront about a large debt and not be in the dark.

3. List any memberships

Next, an estate plan should include any current memberships.

If you're working with your parents on their estate plan, try to help them think of every organization they belong to, from the AAA to college alumni associations.

You or your heirs will want to be able to stop any expensive automatic renewals. But you'll also want to know if the membership and any benefits — such as frequent flyer miles — can transfer to survivors.

Lawyers will charge up to $150 per interaction to notify an organization of a death, but family members can easily do this for free if they know which groups to call.
4. Name favorite charities

If elderly loved ones have invested time or money in charities, it is a good idea to list those out. This will make drawing up a will or making funeral arrangements simpler, so that money or memorial gifts will go to the right charitable organizations.

5. Designate beneficiaries

Choosing a beneficiary might be something that you or aging parents don't want to think about.

But naming the recipient of life insurance, pensions or retirement funds is an essential step to keep red tape to a minimum.

Remember that whenever there are life-changing events, such as a divorce, beneficiaries may need to be updated.

6. Answer the big questions

If you're working on your own personal estate plan, consider how you want your estate to be divided up.

When working on your parents' plan, break through the awkwardness and have a very necessary conversation about how they want their major assets to be distributed. Who gets the house? The money in the bank account?
This step is not about being precise. But having a rough idea of how the estate will be disposed of will save time and lawyer costs when it's time to draft a will.

7. Choose an executor carefully

An important but sometimes difficult decision for an older person making essential plans is to choose an executor, the person who will be left in control of the estate.

Many experts suggest picking someone who is a natural caregiver, because the executor will assist adult children and other family members in a time of need.

The key is to pick someone who is competent and trustworthy to handle the will and the estate in a professional manner.

8. Talk to the pros

Make an appointment with an accountant to explore ways to minimize estate taxes, then work with a lawyer to draft the will. Attorney fees for a will generally start around $300 for a simple one, to more than $1,000 for a more complicated document.

9. Assemble the family
It's best to assemble close family members to have a serious talk about a loved one's estate plan. This way, the siblings will be able to ask questions, and parents are there to answer or clarify anything that the kids may be unaware of. Some families choose to do these conversations individually. No matter how it's handled, the parents and children must understand the process and know what the steps are to settle the estate in the event something happens.

10. Review and update

As life goes on and a person ages, things change, and these changes need to be reflected in estate planning.

Make sure to review wills and estate plans — either your own or your parents’ — every five years or so, and make any adjustments that are necessary.

All of that planning took some effort. You don't want it to fall short when the time comes for it to be put into action.

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