Why Young Families Need an Estate Plan

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WHILE ESTATE PLANNING is often thought of as something for seniors and older couples, young families should also have a plan in the event of an untimely death or unforeseen disability. When my wife and I welcomed our first child 15 years ago, one of the first things we did — along with buying a crib and other baby gear — was make an estate plan. While creating an estate plan may seem a little scary at first, a personalized estate plan can bring peace of mind.

**Name a Guardian for Minor Children**

One of the most important reasons to create an estate plan for young families is to name a guardian for minor children. If one parent dies, the other parent will often continue to raise the children. But what happens if both parents die at the same time? What about non-traditional families such as single parents or grandparents raising children? What if the named guardian is unable to raise the children? Without an estate plan, the court will appoint someone to raise the children. A better option is for parents to designate who they want to act as guardian, along with a replacement guardian. Grandparents, aunts, uncles, older siblings, close friends, or other family members can help raise children if one or both parents die or become disabled.

**Naming a Personal Representative or Trustee for Your Estate**

The personal representative, sometimes called an executor, is the person responsible for handling the financial affairs of the estate after a person dies. With a trust, the trustee has a fiduciary duty to look after the trust assets, including real estate and life insurance proceeds. The personal representative or trustee should be a person who is willing, trustworthy, and competent to carry out your desires. Naming a contingent or a replacement personal representative is also a good idea.

**Planning for a Disability**

There is the possibility that one or both parents could become disabled from an
injury, illness, or accident. What if both parents go out on a date or a trip and get into a serious car crash? You can create an estate plan for disabilities, including an advance health care directive, and give doctors permission to discuss your medical situation with other people such as parents, siblings, or close friends. A customized estate plan with a trust can prepare for disabilities and not just death.

**Distribution of Assets**

Most married couples want their assets to go to the surviving spouse if one of them dies. If both parents die and the children are young, the parents usually want their assets to be used to care for their children. Depending how the title is held, some assets will transfer automatically to the surviving spouse. However, an estate plan is still needed if both parents die or a parent becomes disabled.

Unless you indicate otherwise, the default rule is that children will receive all inheritance at age 18. Most parents prefer that their children inherit when they are older rather than as a lump sum. You can also designate someone to manage your children’s inheritance. Sometimes, it makes more sense to name one person to manage inheritance and a different person to act as the legal guardian.

**Reviewing Insurance Needs**

Part of the estate planning process is to review insurance needs, including life insurance and disability insurance. Additional life insurance coverage may be needed to provide for replacement income for one or both spouses and for college expenses.

**Peace of Mind**

Estate planning requires you to evaluate your family relationships. Some decisions may be difficult. But an estate planning attorney can walk you through the process. Every estate plan should also be updated with major life events such as marriage, divorce, death, birth of a child or grandchild, and adoption. Even changes in employment, health, and religious beliefs may require an update to the plan. Once your plan is in place, you will have peace of mind knowing that your loved ones will be protected if something unexpected occurs.