

PLAN YOUR FUTURE WITH CONFIDENCE:

Addressing 10 common myths about estate planning



Planning for the future can be complicated. We make it easier.

How do you make a clear plan when it's impossible to know what the future holds? Having accurate information and the right resources to guide you can be the difference between a theoretical plan and one that actually works for you and your specific situation.

Read on and we'll debunk ten of the most common myths about setting up a clear plan for your future.





MYTH #1

I don't need a plan because
I don't have an "estate."

Don't let the semantics
confuse you.

Your home, SUV, IRA and 401-K are just a few of the items that make up your "estate." If you have a family and/or any assets, you do need an estate plan.



MYTH #2

**If I put my children's names
on my property, I don't
need a will or trust.**

Joint property or not,
any adult with assets
should have a will.

A well-constructed estate plan with established rules and guidelines helps avoid family feuds regarding annual expenses, usage, and managing the cost of repairs & renovations of the property. It could also address future ownership, avoiding issues if one of the owners has financial difficulties or passes away.



A True Story

Ellen added her two sons to the deed of her cottage before passing away, but didn't have other plans in place to protect both of their interests.

Son #1 dreamt of the day he would retire and spend most of his time at the cottage hunting, fishing, and relaxing. In the meantime, Son #2 had financial problems and filed for bankruptcy.

The bankruptcy Trustee took control of Son #2's interest in the cottage and forced the sale of the property (yes, they can do that). Son #1 could not afford to buy his brother's share of the cottage and it was sold to strangers.



MYTH #3

If I want to disinherit someone, I should leave them \$1.00.

There are better ways to disinherit someone.

Whenever you name someone as a beneficiary of an estate, you potentially make them an interested party. This could entitle them to information you did not want them to have (like the value of your assets). It may also give them the opportunity to raise a challenge to the plan in court.



MYTH #4

It's a family business, so if something happens to one of us we should be fine.

Don't ever have a plan that counts on "should be."

If your family business doesn't have a proper plan in place, you might face a number of important issues—from significant tax implications to ending up with the wrong person running the business.



MYTH #5

My youngest child earns a lot, so if I don't leave them anything, they won't mind.

Everyone's situation is different. It's helpful to consider the following:

- Most children want to be treated equally—or at least get something from the parents they loved. Many also attach emotion to the “giving,” feeling that they were loved less if they receive less.
- You may be creating resentment and family division if you show favor to a child who may not have been as hardworking.
- If a child actually tells you that they do not want a share, you should get it in writing.
- If a child receives a share of your estate and does not want it, they can always give it to a sibling or keep it for their own children.



MYTH #6

If I leave anything to my child who has disabilities, they will lose government benefits.

There are specific guidelines that exist for this scenario.

Special Needs Planning uses provisions of the laws that allow a parent to leave assets while maintaining a child's public benefits. In addition, those assets can be managed and properly distributed by a trusted individual, continuing to enhance your child's life even after you are gone.

The importance of special needs planning goes beyond the protection of public benefits. The lack of a trust or solid plan with protections in place can be heartbreaking.



A True Story

Sylvia and Martin had two daughters; the younger one had a disability. The couple put all of their assets, including their family home, in the older daughter's name, with her assurances that she would help her sister remain in the family home and pay for her caregivers with the remaining assets. She verbally agreed to do so.

However, after the parents passed away, she immediately placed her sister in a group home, sold the house and its contents, and kept all of the money.



MYTH #7

Wills don't have to
go to probate.

Wills do go to probate.

Your will actually serves as the guide for the Probate court, directing how you want your estate distributed.

If you are trying to avoid probate, you may want to consider a trust.

- A well-drafted trust that is correctly managed may not need to go to probate.
- While probate records are open to the public, trusts are administered outside of the public eye, helping you keep your details private
- While there are costs for creating a trust, they may end up being less than the costs of having a will go to probate.



MYTH #8

**My children will
work it out.**

If you haven't figured it out, what makes you think your children will?

Yes, making decisions, understanding the implications, and putting a plan in order can be difficult.

However, what is difficult for you could be much, much harder for your children—especially when money, property, and unexpected emotions are involved.

The right plan can serve you well while you are alive and serve your loved ones well after you are gone. Without this effort on your part, their relationships may be forever changed.



A True Story

Tony, a widowed father still following old-school traditions, put his eldest son's name on everything, assuring his estate planning attorney that the son would follow his instructions. He could not be convinced otherwise.

When Tony died, the oldest son kept everything. He didn't care about his father's wishes, or that it would mean the end of any relationship with his brothers.



MYTH #9

Everything will go to my spouse/children, even though I don't have a plan.

There are no guarantees without proper planning.

Don't rely on assumptions about the law unless you hear them from a qualified estate planning or elder care attorney.

Without proper planning, your assets may be directed to unexpected beneficiaries. (Even if they are headed to the desired beneficiaries, they may still have to go through Probate first.)



A True Story

Steve and Anita were married, creating a large, blended family. Unfortunately, the children did not get along.

When Steve died, his assets went to Anita. She soon became incapacitated.

Steve's children asked for some of his possessions; Anita's children refused.

Steve's children received **NOTHING** from their father—not even the dining room table, which had been in their family for generations.



MYTH #10

My family knows
what I want. Everything
will be fine.

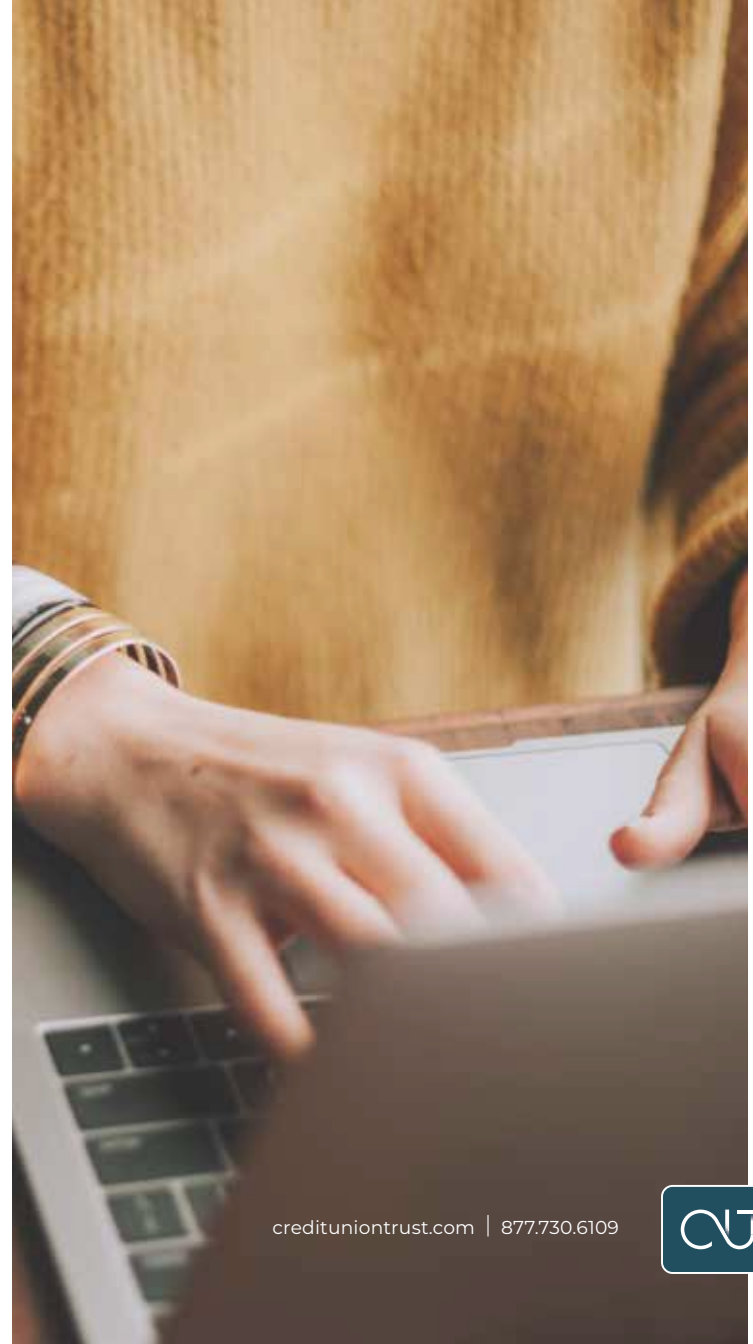
Two questions and an answer.

- Q:** Are you sure that they know your wishes?
(Have you ever surveyed everyone?)
Different people likely have different ideas.
- Q:** Are you certain that *what you want* will
mean more to them than *what they want*?
- A:** Unfortunately, it doesn't matter what you
want if you don't have a will that includes
that information. The state's laws prevail.
You may be estranged from a spouse or
child, but if you don't have a will that says
otherwise, they will inherit by default—
under the same rules as your more favored
family members.

What estate planning questions do you wish someone could answer?

Maybe you want to take care of specific people or a place. Perhaps you want to ensure family harmony...or minimize taxes. Whatever you need, we find that clarity and peace of mind are two of the greatest benefits of planning ahead.

Contact us to see how we can help you get the answers you need to move forward with the best plan for you.



About Credit Union Trust

Credit Union Trust was formed by Michigan credit unions to provide trust and estate planning solutions to credit union members and the public. Our products and services are designed to create, protect, maximize, and preserve wealth for you and your families—protecting your legacy and providing valuable peace of mind.

We promise to build on a legacy of service and integrity as we create an enduring future for those we serve. Our Credit Union Trust team offers friendly, personal service and decades of professional trust, estate planning, and asset management experience.

For more information, please visit CreditUnionTrust.com or follow @CreditUnionTrustMichigan on Facebook and LinkedIn.

Let's chat about your needs

Available by phone, video, or appointment at our headquarters or partner locations throughout Michigan
877.730.6109 | credituniontrust.com