



How to Make a Wealth-Transfer Plan

A well-designed plan protects your wishes and helps avoid conflict among your heirs.

A wealth transfer plan guides the movement of your assets from your estate to your beneficiaries. Baby boomers are already in the throes of the most significant wealth transfer in history. Over the next 25 years, they are expected to leave \$68 trillion in wealth to their heirs. But you don't need to be older to need a wealth transfer plan, nor do you need a large estate.

A plan that includes a will and proper beneficiary designations helps anyone ensure that their wishes will be honored, and their assets will end up where they meant them to be. Barring a plan, assets can end up in probate court, which will decide what to do with them. This process can be slow and expensive. In addition to avoiding court, documenting intentions can help head off potential disagreements among heirs.

Here's a look at the steps you should take to start your wealth transfer plan today.

Review your assets

The first step when building a wealth-transfer plan is to take stock of your assets. List your financial assets, including retirement accounts, brokerage accounts, and life insurance policies, and note where they are held. Next, list hard assets, such as real estate and any other valuable items you own. Consider bringing in an appraiser to determine monetary values for your home or other property.

Choose beneficiaries

Once you've listed your assets, decide whom to leave them to. A spouse or children are common choices, but you may also consider extended family or close friends. At this time, consider what kind of legacy you want to leave behind, perhaps by supporting charities, educational institutions, and other nonprofits you care about.

Write a will

A will is a legal document that sets your wishes down in writing and ensures your assets are transferred to the people and organizations you choose. Name an executor whom you trust who

is willing to take on the responsibility of executing your will. Wills can be complicated documents, so you may want to hire a lawyer to help you write one.

Check your beneficiaries

Money from retirement plans, life insurance policies, and other accounts will go to those listed as beneficiaries on the accounts regardless of what your will says. Review these lists every year and update beneficiary designations as your wishes change and reflect life changes, such as marriage, divorce, deaths, and births.

Choose someone to make decisions on your behalf

Powers of attorney and living wills are legal documents that specify who will have the authority to make financial and medical decisions if you can't. Choose someone whose judgment you trust and who understands your wishes clearly.

Understand estate taxes

The Tax Cuts and Jobs Act doubled the estate-tax exemption to \$11.58 million, meaning most people's estates are not subject to estate taxes. If you have a vast estate, consider gifting to reduce its size and the taxes it will owe. You can make monetary gifts to charity. And you may also give away as much as \$15,000 (\$30,000 for couples) gift tax-free per person per year. There is no limit on the total number of people you can give to. Even if your estate is well under the exemption threshold, tax-free gifting can be a way to see the effect your bequest has on the lives of your heirs while you are here.

Keep key people informed

Make sure anyone assigned a unique role in your estate is aware of their full responsibilities. You may also want to talk to your heirs about your wishes and how you arrived at your decisions. Making your plans known can head off potential conflicts among your heirs further down the road. Keep estate planning documents and other important financial information such as account passwords or property titles in a safe place, and let your heirs know how to find them.

The intersection of financial, legal, and family issues can make wealth transfer a complicated matter. But a well-crafted plan can help ensure the process goes smoothly. Enlist your financial and legal advisors' help to build a sound plan that ensures your wishes will be honored.

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