

Estate planning essentials *checklist*

No matter your age, whether or not you have dependents, or are married, estate planning is your opportunity to prioritize your wishes and what matters most to you.

A comprehensive estate plan takes into consideration these essential elements:

1. Finding trusted partners (e.g., estate attorney, tax advisor, life insurance agent)
2. Valid will/trust(s)
3. Power of attorney
4. Advanced medical directives
5. Life insurance
6. Gifting plan
7. Good communication

The following checklist takes a deeper dive into these estate planning fundamentals, supplemented by key action items for you to follow up on as part of your well-designed plan.

1. Finding trusted partners who can help you create your estate plan.

Building and maintaining an effective estate plan requires the expertise of several different professionals. Your financial professional can help coordinate these efforts and refer you to attorneys, tax advisors, and life insurance agents to help meet your needs. From understanding which estate planning strategies complement your individual situation to helping you keep your beneficiaries up to date, a financial professional is in a trusted position to support you in creating and maintaining your estate plan. Even if you think your estate is not overly complicated, working with estate planning partners can help ensure you are starting on the right path.



Never forget that it is a relationship. You should feel comfortable with your financial professional(s), so keep searching until you find someone you can talk frankly with about your hopes and concerns. Always partner with people you can easily communicate with.

Take action

Recognize what type of person you are most comfortable working with.

Age may play a factor in your decision. For example, you may be seeking continued support across generations, so you may want someone younger who can also be there for your children or grandchildren.

How to find a qualified estate attorney:

Get referrals from trusted friends, family members, and neighbors.

Leverage your financial professional for referrals.

Conduct your own research starting with lawyers.com. Develop a list of lawyers you want to research further, then visit their websites, and LinkedIn profiles to learn more.

Sample estate attorney interview questions:

Where did you go to school?

What areas of the Bar do you participate in?

What percentage of your time is spent on estate planning?

Have you authored any recent articles or books or delivered any presentations on estate planning?

What is the structure of your team/firm?

How do you charge for your services?

Consider particular issues pertaining to your estate (e.g., complex family dynamics, trust funds, separation agreements, foreign assets, etc.).

Identify what your heirs should know or be educated on regarding your estate plan.

This is about finding a balance with information sharing. Based on your situation, you may need advice on deciding the planning elements that are critical for family and other involved individuals to be aware of and the amount of information to make them privy to.

Prepare to meet with your estate attorney.

Ahead of your first meeting with your estate attorney, work with your financial professional to:

Complete an inventory of all your assets, their current values, and ownership structures, and your liabilities and debt balances.

Identify candidates for your estate roles (e.g., executor, trustee(s), POA, advanced directives, guardians) and their successors.

Collect the full names, addresses, and Social Security numbers of your beneficiaries.

Understand basic trust structures and their benefits.

Are you a business owner?

If you are creating wealth through entrepreneurship, business succession planning is not something that can wait, as it is integral to safeguarding your assets. Whether you want to keep the business in the family, protect your employees, maximize value or cash, or a combination of goals, having a formal succession plan paves the way for you to exit the business on your terms and leave the legacy you want. Learn more by completing our *Financial planning checklist for business owners*.

Take action

Tackle the big question of your retirement and the future of your business.

Too often, business owners are focused on the day-to-day operations at the expense of long-term planning. Do you know if you are winding down your business or do you intend to forward it intact? Your vision for the future will help answer what your next steps are.

Assess your business's value.

A valuation professional can help you calculate a realistic value of the business. This step will help you understand how to best preserve that value and fortify your business's future growth potential. Also consider adding a Certified Exit Planning Advisor® (CEPA®) to your planning team to help you through the entire process.

Know the tax implications of your exit strategy.

A tax professional can walk you through the various options, such as a transfer to family via a bequest or trust, a buy-sell agreement with partners, a sale to management and/or employees, or a sale to a third party, and their impact on taxes.

Understand your and your family's income needs in the event of your retirement, death, or disability.

How much of your capital needs will the business interest provide and how will its value be effectively unlocked for this purpose?

Action steps completed.

2. Valid will and trust(s) aligned to your wishes and updated to reflect changes in your family.

A will ensures your assets go to the beneficiaries of your choice and allows you to name a guardian for your minor children. It should be current, properly signed and witnessed, and your executor should know where you store it. Whereas a will goes into effect only after you die, a trust is activated once you sign it. There are many types of trusts, which serve a variety of functions, such as limiting estate taxes and legal challenges and transferring assets directly to your heirs, bypassing probate court. Depending on your situation, a trust may make sense. Review your will and trust documents at least every three to five years, as well as after major life events, such as the birth of a child or grandchild, divorce, separation, remarriage, or the death of your spouse, or if you move to a different state.

Take action

Create an inventory of your financial assets and tangible personal property and revisit your list periodically or as your life changes.

Real estate and assets like stocks and bonds can be accounted for in your will but do not overlook other valuables and treasured possessions. Examples include furniture, antiques, artwork, jewelry, and collectables. Write a letter of instruction that specifies their location and precisely what objects go to which beneficiaries. Disputes over personal property are a frequent source of family conflict when a person dies. Properly addressing all your assets can help minimize estate-related administrative expenses and emotional upheaval among loved ones.

Clarify inheritance.

Outline who will inherit how much of what. Giving to multiple beneficiaries may mean having to weigh the difference between fair and equal. Do your heirs each receive the same amount or an equitable share based on what is fair given their circumstances? Careful planning and frank communication may not be easy, but they are essential in preserving family relationships so your heirs get along after your death.

Define guardian(s) for minor children and dependents.

Have meaningful conversations with potential caregivers about their responsibilities. For example, will that person or people be providing financial support in addition to care? Who is their backup? Consider whether they may be negatively impacted financially (e.g., by the potential loss of earning power, the need for a larger home, childcare, or to equalize between their own children and the ones they are assuming guardianship for, etc.). You can also arrange for the continued care of adult children with special needs or for aging parents and other relatives – as well as pets (see trusts, below).

Set up trusts.

There are many ways to structure trusts and their funding. For example, you may decide to establish a trust for a minor child's ongoing financial support and another to compensate their guardian(s). A trust could be established and funded through life insurance to help the guardians in addition to a separate trust to preserve assets for the children. Working with a financial professional can help you consider your long-term priorities and objectives for your assets and the financial impact of your decisions before you engage an estate attorney to put a plan in motion.

Appoint an executor (will) and trustee (trust) and successors for those roles.

As with guardianship, be certain you trust the people you appoint and that they are capable and comfortable acting on your behalf. Talk to them about their responsibilities and your expectations. Name successors in the event your appointees are unable to perform their roles.

Account for costs.

Estimate what your tax bill and probate fees will be at your death. Then, think about setting aside enough money for taxes, funeral costs, and other expenses, keeping in mind changing tax laws and their impact on your estate.

Action steps completed.

3. Power of attorney (POA) to manage your financial affairs and make decisions for you if you cannot.

Having a POA is a way to help protect your property and finances. POA responsibilities can range from a person or people managing your everyday finances, like paying bills while you are out of the country for an extended period, to more involved duties like handling your investment accounts, running your business, your home(s), and other real estate, or making charitable donations according to the parameters you set. If something unfavorable happens, they can help ensure your loved ones do not face emotional, costly, and time-consuming delays. However, you must comprehend how the POA is being created and the nature of the authority you are giving to your attorney to minimize the risk of your assets being mishandled. As with the executor of your will, your POA(s) should know where you keep your important documents and passwords.

Take action

Understand how and when having a POA would make sense for you.

An estate attorney can help you assess your situation objectively, answer your questions, and walk you through how a POA would fit into your estate plan and overall financial plan.

Choose an appropriate power of attorney(s).

You want the right people looking after your finances and they need to be ready and willing to take on the role. In the case of adult children or relatives, recognize that familial relationships can be complicated by POA choices and proceed accordingly. Full disclosure about your POA(s) with those involved is always helpful. Name successor attorney(s) should your primary attorney(s) be unable to fulfill their duties and define if a POA can delegate their authority. If you plan on multiple POAs, outline how they will work together or separately.

Action steps completed.

4. Medical directives outlining your wishes regarding your future care.

This includes a POA for health care (or medical care directive or health care agent) and a living will.

A POA for health care allows you to appoint someone to make health care decisions on your behalf if you reach a point where you can no longer do so. You must trust this person to act in your best interests according to your wishes and values and they must meet your state's requirements for a health care agent.

A living will summarizes the medical treatments and decisions you would or would not want used to keep you alive.

Take action

Ensure the person or people you want as your health care agent as well as your family and loved ones are aware of your intentions.

Review your medical POA and living will with your doctor or medical team.

Have a copy of your directives with you when you travel.

Create a plan for your long-term care, including who will provide it, where (e.g., hospital, nursing home), and how it will be funded.

Share your plans with your family and loved ones to make them aware of your wishes and talk through any issues together.

Action steps completed.

5. Life insurance to help protect the financial security of your loved ones.

Life insurance can act as a substitute for income and can help your family maintain their lifestyle after you die. It can also be used to help pay off your debts, taxes, medical bills, and other liabilities that may arise on your death, as well as meet additional financial planning needs, such as education costs, retirement funding, and charitable donations. The level of coverage you may need will depend on your estate objectives and current financial status. A financial professional can assess exactly how much and what type of insurance is most suitable for you, as well as strategies for sheltering life insurance proceeds from your taxable estate.

Take action

Appraise your insurance needs.

Even if you already have life insurance, look to see that your coverage is adequate and accounts for your estate's liquidity needs at your death. Be sure to account for the value of your family's primary caregiver and factor the loss of childcare and running the household into your insurance coverage at their full cost. Work with your financial professional and life insurance agent to conduct a full review of your insurance policy(s).

Check your current coverage.

You may have life insurance automatically from your employer. Some employer-provided financial programs designed for income and other purposes may also have death benefits as additional features. Check to see if your employer coverage is portable (meaning that you can take it with you should you leave that job). Consider whether you need to own insurance coverage outside of your employment.

Be aware of what your policy(s) do *not* cover.

Identify what would change with your policy(s) should your health improve or worsen. For example, how are you protected if you become disabled?

Know who to contact with insurance policy questions after it goes into effect.

Record the full name of the life insurance company that issued the policy and the contact information for the agent or broker who sold it to you.

Check beneficiaries.

Are the beneficiaries you designated on your insurance policy(s) still valid or do you need to update them?

Action steps completed.

6. Gifting plan that is impactful and reflects your values.

A gifting strategy will allow you to define your legacy, helps you reach your philanthropic goals, and minimizes your taxes. Charitable gifts through a will or trust can be practical options for giving back to a cause that is meaningful to you because you provide the gift only after you no longer need the assets. Other options can provide secure income payments for life, money management, and welcome tax savings. These plans can also provide for a child or grandchild's education or establish lifelong support for a loved one. Learn more using our *Achieving your philanthropic goals worksheet* and *Checklist for choosing a charity*.

Take action

Be aware of the methods for transferring your assets and the various gifting strategies.

Understand the impact of gifting assets to loved ones and decide if you should do so prior to your passing or after. Something else to consider is your level of charitable giving and whether to distribute small amounts to multiple charities or focus your donation on a particular cause you care about. Working with a financial professional can help you take the proper steps to maximize your gifts while minimizing assets lost to taxes.

Take advantage of your employer match for charitable gifts, including maximizing the amount your chosen causes receive by registering your giving with your employer.

Evaluate if the organizations you are investing in are achieving the goals you expect them to or addressing causes you feel passionately about.

Action steps completed.

7. Good communication makes an estate plan better.

A critical yet often neglected part of the estate planning process is communicating with your family, your heirs, and anyone else directly impacted by your plan. Disputes can occur when loved ones are caught by surprise about estate plans or may not understand the reasoning behind them. Clearly outline your expectations for the future and the various roles and responsibilities involved in managing your estate. Be prepared to listen and respond to any concerns from your loved ones. Although talking about death and money can be uncomfortable, open and honest dialogue can bring a family closer and demonstrate strength and love. Keep in mind you can discuss estate roles and the structure of the estate plan and its provisions without discussing asset values and the amount heirs will receive, if it makes you more comfortable.

Take action

Complete and maintain a *Family Life Organizer*.

Work with your financial professional to host a family meeting to communicate the structure of the estate plan.

Clearly outline roles and responsibilities involved in managing your estate.

Clarify inheritance – giving to multiple beneficiaries may mean having to weigh the difference between fair and equal. (If it makes you more comfortable, you do not have to discuss asset values and the amounts heirs will receive).

Consider having your estate attorney present to discuss the more technical aspects of the plan and answer questions (note that you will most likely have to pay their hourly rate for this).

Take any feedback from heirs seriously.

Action step completed.

Everyone needs an estate plan

Anyone with assets and someone to leave them to can benefit from having an estate plan, regardless of their age or financial status. A thorough, thought-out estate plan is another tool for empowering you to take the steps you need, make decisions, and meet the future with confidence while protecting you, your assets, and your loved ones.

Your financial professional is in an ideal position to be the quarterback of your estate plan, coordinating the “players” on your team, streamlining the process, and creating a long-term game plan to reach all your goals.

Ways your financial professional can help include:

Collecting and organizing all needed information.

Referring you to estate attorneys, tax advisors, and insurance agents.

Retitling your assets (if necessary).

Hosting family meetings.

Don't leave the future of your estate to chance!

Work with your financial professional to get advice on how to help protect what matters to you most.

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