Legal Documents Explained:

Advanced Directives, Beneficiary Forms, Wills and Trusts

Certain legal documents should not be omitted when looking at your financial future or that of someone you care for. It is important to consider advanced directives, beneficiary forms, wills and trusts. The following information provides general definitions and guidance on these documents—**for more in-depth and personalized information, consult with an attorney.**

An **advanced directive** is a legal document that tells your family and health care providers what type and level of treatment you want to receive if you have a terminal illness that makes you incapable of communicating for yourself. It also includes information on who is allowed to make medical decisions for you. No one is required to have an advanced directive, but it does make it easier on your family if one is filled out and shared with your healthcare providers and readily available for family members to see. You do not need to have a lawyer to fill one out. You can always change your mind about your choices later. Just destroy the form previously filled out and tell anyone who has a copy that you want to make changes. If you choose to have a representative make decisions for you, they too must sign the form in the presence of a witness other than yourself.

Beneficiary forms specify your desires to have funds due upon your death paid out in a particular way. Beneficiaries must be named for life insurance policies, retirement accounts, and other assets. You can consult with your asset holders and name primary and secondary beneficiaries. Your beneficiaries will be able to claim the assets you have left them after your death with a copy of a death certificate.

Wills allow you to be certain that loved ones receive property when you die. With a will, you can be certain that your real estate, financial assets, and personal belongings will end up with your loved ones or even a charity. Take note that retirement benefits, insurance policies, and bank accounts pass to your designated beneficiary under those policies; a will does not override beneficiary forms.

A **trust** can be established in place of a will. The purpose of having a trust is to avoid probate court, making it easier for loved ones to receive property. Also, there are potential tax benefits (assets might not be subject to estate tax), and there is more customization on how your assets are distributed. A revocable trust (as opposed to an irrevocable trust that cannot be changed) has the advantages of being valid while you're still living, so it can help during illnesses or disability, and being flexible; the terms can be changed at any time.

Visit the Resource Library at EAP4YOU.com to find additional information and resources.