

Which planning documents do you really need?

It is commonly advised that everyone needs a will. But what estate and life planning documents does one really need?

For younger people just starting their careers, a will may not be the most important legal document to obtain.

A will does not control all assets. If you have a retirement plan, like a 401(k), 403 b), IRA or life insurance policy, you must designate the beneficiary on a specific form supplied by the company managing the asset. So, if your major assets are your retirement account, a life insurance policy and some joint accounts, a will may not be the most important planning document for you.

If you have significant assets beside a retirement plan, insurance and jointly titled assets, you do need a will to direct disposition of those assets upon your death. If you have children or a family structure that does not hew to heteronormative norms, you also need a will.

For those younger individuals who don't yet need a will, it is much more important to execute a financial power of attorney and a health care proxy directive. These are relatively straightforward, inexpensive documents. Be careful to use documents which conform to the law of the state where you live. Some states have even adopted standardized forms which are easily available.

You need a financial power of attorney so that if you become disabled or unable to speak for yourself, there is an existing document which names an agent an alternate who can act for you. This type of documents usually gives the agent the right to have access to your financial accounts, sign tax returns, deal with real estate and similar personal business matters.

Without this document, a conservator will be named for you after a costly and time-consuming court process. Most state laws give next of kin the first right to be the conservator. They are often not your first choice. If you are in a relationship, but have not obtained legal recognition of it, your partner is considered a stranger and will have no rights.

A signed proxy directive for health care (or medical power of attorney, different states use different terms) is also crucial. This document is not end of life living will. The proxy directive covers issues like access to medical records, ability to make medical decisions, ability to admit, limit or exclude visitors, and other day to day medical issues. You should name an agent and an alternate agent.

Medical privacy laws are now strict and rigidly enforced. Without written authorization in a proxy directive for health care, your parents or your partner will be denied access to your medical records.

Everyone, whether married, single, young or elderly needs both of these key protective planning documents.