

Estate planning can benefit everyone

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For the wealthy 1%, estate plans are an integral part of financial planning. But for the other 99%, many don't see a reason to plan for their estate, especially if they feel they don't have enough assets.

According to LegalZoom.com, about 55% of Americans don't have a plan and don't see the need for one. This figure has stayed steady over the years, even as accounts the average American has increased.

But in the face of those numbers, Erika Apelis, partner at Kohrman, Jackson & Krantz in Cleveland, and Marla K. Petti, director of financial planning at HW Financial Advisors in Beachwood, said average people should still create estate plans.

"Everyone needs an estate plan, no matter the size of the estate," Petti said. "Not only does this plan help carry out your wishes after your passing, but it benefits you while you're living. A good estate plan includes a strategy to manage your financial affairs and health care decisions if you cannot. It can prove invaluable in easing the administrative burden for your family and friends during a time of emotional distress."

Petti said essential estate planning documents include a durable power of attorney for financial matters, health care power of attorney or a living will, a will and a trust agreement.

If one doesn't have an estate plan, even the average person can feel the effect.

"With no formal estate plan, your survivors may not be able to access your assets until a personal administrator or guardian is appointed and the distribution plan is approved by the probate court," Petti explained. "This process can last more than a year in some states."

But, there are many benefits to friends and family.

"An estate plan benefits you, your family and friends by allowing you to quickly settle issues related to your estate, therefore minimizing expenses," Petti said. "It can also provide financial support for your friends or family members, such as a relative with special needs, avoid possible disruption of your business during the time of transition, direct money to your favorite charity or



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religious organization and reduce taxes owed after your death."

If not for planning purposes, Apelis said estate plans can also help curb stress and expenses.

"A lot of times the probate process can be very expensive, and because of the cost, the family may decide to abandon property altogether. Many times, it isn't worth the cost and time for those smaller assets," she noted. "But this can include bank accounts, retirement accounts, and even their houses – that many times have mortgages on them that are close to the equity of the house and children don't want to spend the money to administer the estate. Those are the most common (situations) that I see in those middle and upper-middle-class individuals."

The idea that estate planning is only for the uber-wealthy is common but wrong.

"It is because of the information out there, and sometimes there isn't a lot of information for everyone else," Apelis explained. "Estate plans are for everyone. The most important aspect of planning is allowing for a fast and smooth transition of your assets. It means that the transition will be a lot easier for your loved ones."

But for the average individual, Apelis still recommends a meeting with an estate planning attorney.

"They will help you get organized, provide you with information, ask you what you own and have, review all your assets and debts, and give you sound advice on how to organize and distribute your assets," she stated.

"With proper estate planning, there is a big impact. Proper planning can reduce and minimize your debts and the stress on your loved ones should something happen to you."