

# Lesson 4: Estate Planning

## Part 1

**Student Guide Pages: 83-86**

**Lesson Objectives:** By the end of this lesson, your students should be able to:

- define *estate*
- identify the four parts of an estate plan
- explain why the amount of money they have doesn't matter in an estate plan

**Lesson Summary:**

Your *estate* is anything you own, from a single sock to a hilltop mansion. An *estate plan* is simply an action plan as to what you want to happen to your stuff after you die. Everyone should have an estate plan, and most consist of four parts:

1. A *simple will* directs the courts how to divide up your assets upon your death.
2. A *living will* provides direction in how you wish to be treated if you become incapacitated.
3. A *healthcare power of attorney* is discussed in detail in the next lesson.

4. A *revocable living trust* is also discussed in detail in the next lesson.

### Review Questions:

- If you don't have *any* assets, why do you need an estate plan?

**Answer:** Many people believe they have nothing, but they actually have quite a bit of stuff, like furniture and clothes. If you don't direct where this stuff will go, it can cause problems in the courts after your death. Also, an estate plan deals with many non-financial issues, such as where and how you want to be buried and who will look after your children.

- Your estate goes through \_\_\_\_\_ upon your death.

**Answer:** *Probate* is the legal process through which a court authenticates your will and makes the proper distributions, according to your wishes and the law. The less organized you are, the more expensive this process is.

How often do you need to create an estate plan?

**Answer:** Usually, you create it once, then alter it on the basis of major life events, like marriage or divorce or having children.

## **Homework Assignment:**

Instruct your students to write a will, using the form in this lesson as a guide. Granted, you probably don't have a classroom filled with attorneys, so these will not be perfect, but when they sit down to write a real one in the future, much of the work will already be done. This is a private matter, so the homework shouldn't be thoroughly checked or graded, but you can glance at their wills to be sure they get the gist of it.

## **Class Activity:**

Invite students to share their wills if they wish to. This must be optional, as this is a private matter.

## **Additional Information:**

**[www.estateplanning.com](http://www.estateplanning.com)**: This site is all about estate planning and provides many wonderful tools to help.

**[www.nolo.com](http://www.nolo.com)**: Here, you can purchase software to create your own legal documents.

**[www.legalzoom.com](http://www.legalzoom.com)**: This legal website allows you to get started on these documents for less than \$100.

**Fun Facts:**

Oprah Winfrey and Betty White certainly take the matter of estate planning seriously. Winfrey reportedly set aside \$30 million for her dogs, while popular actress Betty White placed \$5 million in a trust fund to be administered for the benefit of her beloved golden retriever, Pontiac.  
([www.peteducation.com](http://www.peteducation.com))

**Notes:** \_\_\_\_\_

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## Will Writing Guide

- **Personal information.** Write your full legal name and the town, county, state, and country in which you live.
- **Have you ever written a will before?** \_\_\_\_\_yes \_\_\_\_\_no
- **Are you married?** \_\_\_\_\_yes \_\_\_\_\_no
- **Do you have pets?** \_\_\_\_\_yes \_\_\_\_\_no (If yes, write a quick description of what you want to happen to them.)
- **Do you have children under the age of 18?** \_\_\_\_\_yes \_\_\_\_\_no (If yes, write a quick description of what you want to happen to them.)
- **Executor:** \_\_\_\_\_ The *executor* is in charge of making sure your instructions are carried out. This can be a parent or friend, but it must be someone you trust. It is typical to list two executors, a primary and an alternative.
- **Do you owe any money to anyone?** \_\_\_\_\_yes \_\_\_\_\_no (If yes, those debts have to be paid out of the estate. This includes any upcoming taxes. If you do owe money, you can direct how you want that money to be paid, such as, “I want my Executor to sell my car to pay off my credit cards.”)
- **Who will you leave your stuff to?** \_\_\_\_\_ (It’s your stuff, so it’s up to you, and you can be general or specific: “I leave all the contents of my apartment to my sister, except for my orange Fender guitar, which I leave to my brother.” You can list places to donate your stuff to or request that it is sold for cash. Perhaps your brother isn’t much of a guitar player, but he would feel guilty selling your guitar; you can command him to sell it and use the cash for anything he needs.)
- **Name three witnesses:** \_\_\_\_\_  
To be official, the signing of your will must be witnessed by at least two.