

Drawing Up a Will

Did you know that seven out of 10 Americans die “intestate,” meaning without a will? Do you know what is included in a will? This very important document transfers your property at your death to designated persons. It is only effective upon your death and its goal is to distribute your property as you wish, providing for your assets to be managed or for the care of your children by naming guardians for them.

As the “testator” of your will or “testatrix” if you are a woman, you must be of sound mind and of majority age in your state. It must be declared as your “last will and testament” and must be signed by you and two witnesses. The document should be revised when you have a change in your family such as a divorce, a birth or when there is a change in tax law. Your named personal representative, or “executor,” is the person who will be managing your affairs upon your death. It is recommended that this person have some financial knowledge since he/she will be taking an inventory and managing your assets, as well as paying debts and taxes. There may be a lot to do for the personal representative but he/she is usually rewarded handsomely by receiving a fee, generally a percentage of the estate’s value.

You must be aware of some taxes that your estate may have to pay upon your death. The first is the federal estate tax. Under 2001 legislation, this tax is set to expire by 2010, but the elimination of the tax is only for that year - 2010. If you leave a large estate to someone other than your spouse, the government will collect taxes on your assets. Many states also impose their own estate taxes that piggybacks off federal taxes as well as separate inheritance taxes. Check out [Bankrate.com’s directory of state taxes](http://Bankrate.com's directory of state taxes).

Drawing up a will or living trust is very important because it lets you specify how your assets will be distributed and how taxes will be paid, if necessary. It is very important to appoint someone in your will to manage your affairs because otherwise, the courts in your state of residence will become involved. Seek the advice of a local attorney who is an expert in estate planning.