

The Emotional Challenges of Estate Planning

By Patricia Porter

Thinking about your own death—or perhaps worse—future mental or physical incapacity—is enough to trigger a near-permanent state of denial.

If the thought of death or disability stops you cold, you are not alone. By some estimates, more than 50 percent of all people die without a will.

Writing a will and other preparations for death can be stressful, according to the late Robert J. Kastenbaum, author of *Death, Society, and Human Experience* and past professor emeritus at Arizona State University Tempe.

“Creating a will...can bring up questions about unresolved family conflicts, loyalty, deciding who gets what...who do I love most?”

Family members sometimes discourage planning for death and dying.

“Even when a person comes to terms with these issues, it may be upsetting to others,” says Kastenbaum. “Many of us dismiss the effort with comments like, ‘Oh, Grandma, let’s not discuss it. You’re going to outlive all of us.’”

For some people, acknowledging their mortality is like opening the door to death. “As long as I don’t think about it, it won’t happen,” is the approach many people take, observed the pioneering sociologist, who died July 24 at age 80.

Overcoming Psychological Roadblocks

People face four major psychological roadblocks when it comes to estate planning, according to David Lansky, Ph.D., a clinical psychologist and family therapist and founder of Family Business Innovations.

At the root of procrastination are (1) strained family relationships; (2) fear of mortality; (3) perfectionism; and (4) fear of losing financial control.

Strained relations, especially with one’s spouse, can hinder estate planning. Lansky recommends family meetings to discuss common values from education to wealth preservation; processes for reconciling differences; and qualities to seek in an estate planning adviser. When your family members feel understood, compromise may come more easily, according to Lansky.

Writing a will, choosing executors and creating advance health care directives are reminders of mortality, and your loved ones likely will feel awkward discussing your demise and the things they will inherit when you are gone.

Lansky urges an approach he calls desensitization: dealing with anxiety and awkwardness by taking things one step at a time. Reading about estate planning and discussing it informally with family or friends can



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help relieve anxiety. When you feel more comfortable, schedule meetings with your financial and legal advisers to begin laying the foundations of your estate plan.

Don’t let perfectionism or fear of losing financial control get in the way of establishing your estate plan, says Lansky. The goal of estate planning is not perfection, but leaving a legacy that unifies rather than divides.

Lansky’s conclusion: The risks of leaving your loved ones or family business partners without a plan far outweigh the fears of having a less-than-perfect plan.

It’s never too early to start your estate plan. Meeting the challenge can bring peace of mind and help those you leave behind.

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Taking Inventory: Laying the Foundation for Your Estate Plan

By Patricia Porter

In theory, it's a simple task: You make a list of your assets (from home equity to fine China), you subtract your liabilities (home loans, credit card debt, whatever you owe), and you come up with your net worth—the estate you can pass on to your friends and/or family and/or charities or causes, or whatever you choose.

The inventory will also contain information you'll need to write your will and begin shaping your estate plan. It might sound like a daunting task, but we who have worked with the Leatherman Law Group on mortgage modifications have already waded through reams of paperwork in pleading our case with our beloved banks.

How detailed? It depends on your situation and your personality; for example, if you want to leave all your property to your spouse, or to your spouse for his or her lifetime, then equally to your children, there is far less need to itemize all major items than if you want to leave separate gifts to a long list of survivors. It also depends on whether your estate falls under the federal threshold. Currently set at \$5 million and indexed for inflation, the tax won't be levied on estates of \$5,250,000 and under.

California is not one of the 16 states that still has an estate tax.

Plan Your Estate, a guide by legal publisher Nolo, recommends a three-part list of assets, liabilities and net worth. If you are married or have a business partnership or any other partnership in which property is shared, you'll need to provide four types of information for each asset that you will be listing:

- Column 1: Description of asset
- Column 2: Ownership shared, type of shared ownership
- Column 3: Percentage of shared asset
- Column 4: Net value of your share

If you are a sole owner, you can skip Columns 2 and 3, but be sure to identify your property in sufficient detail so there's no doubt about what it includes.

On the asset side of the balance sheet, list all liquid assets including cash; savings, checking and money market accounts; stocks, bonds and certificates of deposit.

Next, list other personal property: household goods, autos, computers and other electronic equipment, clothing, jewelry, artwork and collectibles, including their origins. Also list real estate, life insurance, vested interest in profit sharing or retirement plans, money you are owed on personal loans, rents from income property and busi-

ness personal property such as patents, copyrights trademarks and royalties.

If you've accumulated frequent flyer miles, check with the airline to make sure they are transferable. (You might also spare your beneficiaries bouts of call holding).

On the liability side, Part II, don't bother with the small stuff, such as your monthly phone or utility bills. Concentrate on major liabilities to get a clearer picture of your net worth. The list should include personal loans via banks or credit cards, federal and state taxes owed till day of death, as well as legal judgments and past-due child support.

Subtract Part II from Part I, you get Part III—and a better idea of your net worth.

That won't be your last inventory. Also important in this fast-moving digital age is to leave your executor, friend or family member a list of your virtual assets. Include user names, passwords and instructions on how to close—or curate—your accounts. (Attention: This will be discussed in a future newsletter.)

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