

A photograph of a wooden deck with several rocking chairs, set against a backdrop of lush green trees. The deck is made of dark wood planks and has a white railing. The scene is bright and sunny, suggesting a pleasant outdoor setting. The text is overlaid on the center of the image.

7 Steps for Estate Planning

IN PERSONAL FINANCE

The majority of modern Americans possess a limited understanding of the purpose for and process of estate planning. In fact, many people hear the term “estate planning” and can’t help but yawn. When they attempt to read about the topic, the struggle to focus and avoid quickly skimming the section is challenging. However, it would be unfortunate to work so hard to gain financial freedom only to lose it later in life simply for lack of planning. In addition, for Christians, estate planning may be the most important act of stewardship we will ever undertake.

Defining Estate Planning

Your estate consists of all of the assets and liabilities you have during your life and at the time of your death, and estate planning is the creation, conservation, and utilization of those resources to secure the maximum benefit now, during disability, and at retirement. At one time, people regarded estate planning as a concern only for the wealthy, but today anyone who owns anything should develop a plan. Estate planning is the best way to pass one's assets to family members, ministry organizations, and others during life and at death, with minimum shrinkage caused by taxes and inflation.

Steps for Managing Your Estate

First, the process begins with the money and/or possessions you acquire. Just as with building a home, you start by saving, gathering information, selecting a plan, and then continue on until the project is complete. Planning will also help you avoid leaving your family in financial hardship, by keeping you focused on your stewardship goals.

The following are steps you can take to start properly managing your estate.

1. **Determine the priorities of your estate plan.** Do you want to create a steady income for life to provide for yourself, your spouse, and your dependent children? Transfer belongings and assets to family and friends? Set up education accounts? Bless a ministry or organization? Or even a combination of these things?
2. **Organize your financial records.** Gather and keep information on your financial advisors, employment data, bank accounts, insurance records, investment data, tax returns, wills, deeds, and titles to any property you own or are paying for. Keep all records in a safe and accessible place.
3. **Educate yourself.** Read magazines and books on financial planning, attend financial seminars, and search for various articles and resources on the Internet. These can help you discover new and better ways to take care of all God has entrusted to you.
4. **Choose a financial advisor(s).** This can include an attorney, CPA, insurance

agent, and financial planner. Sometimes churches have financial planners on staff who work with individuals for a fee or even as a service to the Lord.

5. **Preserve your estate.** Look at all options for increasing, using, preserving, and transferring your estate assets. Consider tax-advantage vehicles which may be available to you, including 401(k)s, 403(b)s, IRAs, or other tax-deferred growth opportunities. There are also many charitable trusts and annuities and other gift tools which can be used to create income, receive tax deductions, and transfer assets.
6. **Formulate a plan and put the plan in action.** Everyone will have an estate plan when they pass away. You can write it yourself or you can allow the state to make it for you. The estate plan you write is the only one which will distribute your assets according to your wishes, so review and revise it on a regular basis.
7. **Review and revise your plans and documents on a regular basis.** It is best to do this yearly or when major changes occur in your life (such as having a baby, changing your investment strategies, changing your giving priorities, etc.).

Successful estate planning includes the development of a long-term stewardship program which proactively manages personal and business assets. A critical component of living in financial freedom is fulfilling your stewardship responsibilities, which includes careful and thorough will and estate planning. More and more families are recognizing the importance and value of estate and will planning, and they are making it a higher priority. You have the opportunity to discover God's overall plan of stewardship for your life and family. Through an effective estate plan, you can make decisions today which will positively impact many lives in the future for the glory of God.

Excerpt adapted from Financial Freedom, More Than Being Debt-Free by Patrick Clements.