

ESTATE PLANNING

Six Estate Planning Tips for Younger Generations

Millennials and Gen Zers are taking their estate planning seriously. These tips can help make the process seem less daunting.



(Image credit: Getty Images)

Most people think estate planning is a process for older, generally affluent individuals nearing retirement or dealing with health concerns. This common misconception leads many to believe there's a generational gap regarding estate planning — an assumption that comparatively young and healthy people are not taking proactive steps toward safeguarding their money and property for the future.

However, the reality starkly contrasts with these misconceptions. Estate planning is increasingly top of mind for younger generations. Their unique attributes, including technological savviness, pragmatic financial views, entrepreneurial spirit and humanitarian concerns, effectively position them for early estate planning endeavors. According to a report from Trust & Will, 78% of Millennials emphasize the significance of building multigenerational wealth, a sentiment shared by only 45% of older generations.

While considering estate planning at a young age may seem daunting, it doesn't have to be. Here are six tips for the next generation to keep in mind.

1. Start with a basic will.

Creating a will is a fundamental step in estate planning, guiding how assets and belongings should be distributed following one's passing. Caring.com found a 63% spike in young adults possessing a will from 2020 to 2021, underscoring the breaking of age-old norms. Regardless of

health or age, having a basic will is crucial to ensure your money and property are distributed per your wishes.

A will should pave the way for a smooth transition and minimize potential disputes or legal entanglements. It should cover a clear delineation of assets, beneficiaries, an executor to manage the estate and guardianship for surviving dependents.

This may seem like a lot of work, but the process doesn't need to be drawn out; according to Trust & Will, 46% of Millennials were able to complete their estate plans within a year from the time they first considered doing so — and this can be made easier by working with an estate planning professional.

The resources available for creating a will make it simpler for younger generations and encourages a proactive approach to financial planning.

2. Appoint a power of attorney and draft medical directives.

Power of attorney and medical directives are fundamental documents that safeguard your preferences in case you become incapacitated. A power of attorney is a legal document that grants a chosen individual the authority to act on your behalf, particularly in financial or legal matters, should you become incapacitated or unable to make decisions. On the other hand, medical directives cover your preferences regarding medical treatment and end-of-life care.

These documents are vital as they ensure your autonomy over medical decisions and relieve family members of the burden of making potentially agonizing choices during emergencies. According to the National Library of Medicine, 47% of adults between 18 and 30 expressed their wish for organ donation, a choice that can be formally recorded through these legal documents.

By taking the time to establish a power of attorney and medical directives, you can ensure that you and your loved ones are prepared when the time comes.

3. Deliberate on guardianship.

Thinking about guardianship is a fundamental aspect of estate planning for those with children or planning to start a family. Assigning guardianship ensures that a trusted loved one will care for children in the event of a tragedy.

The Caring.com survey also revealed that 20% of adults were prompted to create a trust or will upon having a child.

Furthermore, many Millennials find themselves in the unique position of being in the Sandwich Generation, simultaneously caring for their children and aging parents. A significant number of Millennials prioritize quality of care, emphasizing the necessity of having clear medical directives in place.

Additionally, a crucial part of guardianship planning today extends to pets. According to the Trust & Will survey, nearly three-quarters (78%) of Millennials have appointed a pet guardian. This careful consideration reflects the responsible and compassionate outlook of the younger generation.

Through careful guardianship planning, individuals can ensure the well-being and care of both their human and animal loved ones, demonstrating foresight and responsibility.

4. Explore a living trust.

Living trusts offer a more strategic avenue for managing your assets and are a proactive step toward helping your surviving loved ones retain control after you're gone. A vital advantage of a living trust is that it provides you additional peace of mind while you are still alive.

You establish the trust (usually with help from a trained professional) and then “grant” ownership of certain assets to the trust. You appoint a trustee to manage and distribute those assets in accordance with your wishes.

A trustee can be a loved one. However, many younger people hire a professional trustee because the trust will likely have to be managed for decades with various changes and additions. A professional trustee can also help you plan for the long term, investing your assets for decades after you're gone to help family members, charities and others.

Another benefit of a living trust is that, in many cases, it enables your surviving loved ones to bypass the probate process — as they must do with a will (in most states). Probate involves your will's executor filing it with a court after you die. The court must then ensure the will is authentic and grant the executor the power to fulfill your final instructions.

The probate process can be lengthy, costly and very emotional for family and friends. Probate details are entered into the public record, so, theoretically, anyone can see your will. Sometimes, you will read news articles about a will being contested after someone sees the specifics in the public record and claims they are entitled to part of the estate. A living trust can help mitigate that risk.

5. Don't forget your 'digital estate.'

Younger generations are not only saving and investing at an earlier age, but they also are pioneering the inclusion of digital assets in estate planning. Social media accounts, cryptocurrencies, e-commerce “shops,” online subscriptions and digital financial accounts are becoming increasingly important — and their inclusion in estate planning is crucial.

Gen Zers and Millennials are incorporating a specific digital executor into estate plans to oversee their online affairs.

Safeguarding digital property involves documenting all online accounts, “property,” security credentials, digital currencies and more.

6. Seek professional advice and perform updates.

In most cases, estate planning isn't easy — particularly for younger people. Planning for contingencies that likely won't occur for decades and the emotions of facing mortality can be very challenging. That's why most people would benefit from engaging with experienced, professional estate planners. Connecting with someone vetted by the National Association of Estate Planners and Councils or the National Institute of Certified Estate Planners is wise.

By establishing a relationship with a professional, you can ensure your estate plan is updated consistently as your life changes to ensure your strategy remains aligned with your current situation and future aspirations. They can help you update your plan to account for life events like getting married or divorced, buying a home or having children. They can also adjust your plan as estate planning laws change.

Their advice can be instrumental in managing a plan that addresses your unique needs, be it asset protection, minimizing tax liabilities, ensuring the seamless transition of wealth across generations — or all of the above.

The shift toward younger people beginning their estate planning early is a positive stride toward financial security and legacy. As younger generations embrace estate planning, the emphasis is on starting early, staying informed and seeking professional guidance to navigate the myriad aspects of estate planning adeptly.

NYSUT NOTE: Dealing with legal documents when it comes to estate planning can be complicated, but NYSUT members don't have to do it alone. They have help through the NYSUT Member Benefits Trust-endorsed Legal Service Plan. Provided by the law firm of Feldman, Kramer & Monaco, P.C., this plan offers access to a national network of attorneys that deal with personal legal matters, including crucial estate planning legal documents. Get piece of mind in your planning by [visiting the member website](#) and enrolling today.

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