

Managing Financial Affairs

Nobody likes to think of end-of-life planning matters, but having the proper arrangements and finances in place can ease the process for your family during this difficult time.

There are a number of legal documents you should consider preparing to “get your affairs in order.” Although you could create some of these documents by yourself, it is recommended that you consult with a financial professional or attorney.

Estate Planning

An estate is the term used to describe all the money and property owned by an individual - in other words, a person’s assets. Estate planning is a process using certain tools to ensure that your financial goals are fulfilled after death. Goals may include providing for dependents, avoiding probate, or reducing estate taxes. Estate planning may be as simple as implementing a will or as complex as executing a trust and exploring sophisticated tax or estate planning techniques. Estate planning may be more important with a smaller estate because a larger portion will go toward final expenses. Some devices that may be used to safeguard and distribute an estate are joint tenancy with full rights of survivorship, trust, and will.

- **Joint Tenancy** – This is one way that property can be held by more than one person. A joint owner cannot sell his or her interest without the permission of other owners. Property held in joint tenancy does not go through probate; it passes directly to the surviving owner(s). Having property in joint tenancy may also reduce inheritance taxes.
- **Trust** – A trust is a written agreement wherein you give a trustee power to manage certain property for a beneficiary. There are several types of trusts. Purposes of the trusts include controlling assets after death, avoiding probate, providing for disability, and reducing inheritance taxes.
- **Will** - The primary purposes of having a will are to provide for the distribution of your property after death and to designate a personal representative to see that your wishes are carried out. A will may also be used to appoint a guardian for minor children. There are three types of wills and each is equally valid. Choosing which will to use depends on the size of your estate and your wishes concerning the distribution of your property.
 - ◆ A **handwritten** will must be dated and signed at the end of the document.
 - ◆ A **formal** will can be typewritten. It must be signed and witnessed by at least two people. (Keep in mind that a beneficiary under the will should never be a witness to its signing.)
 - ◆ A **statutory** will is a form. It is relatively simple to use but allows limited choice. The form is available in the Planning for Your Peace of Mind publication that is available on the Michigan Legislative website at <http://www.legislature.mi.gov/Publications/PeaceofMind.pdf>.

Advance Care Planning

In advance care planning, advance directives are established which specify your health care desires. Talk with your doctor, family, close friends and other trustworthy advisors about your health care wishes, questions and concerns. After learning your options and discussing your wishes, prepare an Advance Care Directive.

Advance Care Directives are specific instructions made in advance that are intended to direct your medical care when you are unable to do so. They state your wishes about medical, surgical, and/or behavioral health care when you are not able to speak for yourself.

- **Durable Power of Attorney for Health Care** – This is a document that allows you to give another person, called the Patient Advocate, the power to make medical treatment and related

health care decisions for you. It is a legal document, and must be signed and dated by you and witnessed by two adults. It must contain certain things in it to be valid. You may want to use a form approved by the State Bar of Michigan, the Michigan State Medical Society, or a hospital or health care provider. Keep a personal copy in a safe and accessible place while letting key people know of your intentions.

- **Living Will** – You have probably heard of a Living Will. It is a written statement that you share with your doctors and family members telling them the type of care you want if you become terminally ill or permanently unconscious and if you are unable to make decisions about your continued care. However, Living wills are not recognized in Michigan law. Other documents such as “The Five Wishes” have recently been created to include an emphasis on desired treatments rather than just exclusion of life-prolonging interventions. Learn more about advance directives in the “Five Wishes” model at www.agingwithdignity.org/five-wishes. You may wish to consult an attorney for further information regarding living wills.

Another advance directive option is a **Do-Not-Resuscitate (DNR) Declaration**. A DNR is a written document in which you express your wish that if your breathing and heartbeat stop, you don’t want anyone to attempt to resuscitate you. Michigan law provides that these documents are valid in hospitals, nursing homes, and other settings.

Funeral Planning

Finances surrounding funeral and final arrangements can be a source of great concern and that’s why an increasing number of people are planning their own funerals, designating their funeral preferences, and sometimes paying for them in advance. Prearranging a funeral and burial allows you to compare prices and make your own choices. If you choose to preplan and prepay for your funeral, be sure your family is informed of your plans and let them know where the documents are kept. (For more information on prepaid funeral contracts, see “Prepaid Funeral Contracts” in the Financial Products section of the Toolkit.)

Funeral directors are required to give you itemized prices in person and, if you ask, over the phone. You have the right to purchase only those specific goods and services you want, unless state or local law requires the purchase of a specific item. The funeral home must give you an itemized statement that includes the total cost of the goods and services you have selected. If you are legally required to buy a particular item, the funeral provider must disclose it on the price list, with reference to the specific law. Once you see this total, you can change your mind about items if the total cost is more than you wish to pay.

For additional information and resources on End-of-Life Planning, you can contact:

- Michigan Office of Services to the Aging (OSA) – visit www.michigan.gov/osa or call 517-373-8230
- Michigan Department of Health and Human Services (MDHHS) – www.michigan.gov/mdhhs or call 517-373-3740
- The Michigan Association of Certified Public Accountants (MICPA) – www.micpa.org/financialliteracy or call 248-267-3747
- Hospice and Palliative Care Association of Michigan – visit www.mihospice.org or call 517-803-2500
- “Caring Connections” (National Hospice and Palliative Care) – visit www.caringinfo.org or call 800-658-8898