Estate planning: you can't afford to wait

By Linda T. Cammuso

If you're like most people, you probably have a list of reasons why you haven't established your estate plan. The one I hear the most is "I can't afford it." Most people are shocked to learn that it is usually far *more* expensive *not* to have an estate plan — and sadly, many find out the hard way.

Legal Briefs

You might think, "But I don't have an 'estate!'" Well maybe you're not Donald Trump, but an "estate plan" is not something for wealthy people; at its core, an estate plan is simply a set of documents that says who will get your assets when you die, and who will make your financial and health care decisions should you become unable to do so during your life.

Let's look at what could happen to a person who does not have a will, trust, power of attorney or health care proxy (the four most common estate planning documents).

First, you might have noticed that two of those documents have nothing to do with death or assets — they involve decision-making during your life. If you lose the ability to make your own financial or health care decisions, as some do in their elderly years, your family must go to probate court to get a guardianship and conservatorship to make those decisions for you. These proceedings are public, time-consuming and very expensive; and worst of all, the person appointed by the court might not even be someone you would have wanted or trusted.

On the other hand, signing a power of attorney and health care proxy allows you to choose the person(s) to make these sensitive decisions for you and keeps your private affairs outside of the court system. And, the cost of these documents is on average less than 5 percent of the cost of a guardianship or conservatorship.

Wills and trusts on the other hand involve asset management and inheritance. These are the documents that determine who gets your assets and handles your estate affairs when you are gone.

If you do not have a will, state law determines who will inherit your assets. Without a will you also lose the ability to choose your executor. A will is essential to giving you control over these important issues. What a will cannot do, however, is avoid the expense and delays of probate. This is where a trust comes into play.

Avoiding probate allows you to keep your assets and beneficiaries out of the public probate court records. A trust also allows your beneficiaries to immediately access funds upon your death, and in some cases can even protect your assets from creditors.

These days no one likes the idea of spending money. But one upside to this tough economy is that we have all become more educated consumers. If you take the time to understand the estate planning process and the expense, delays and hardships that could result in the absence of planning, you'll come to agree that you can't afford not to plan.

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Vanguard says 60 percent of 401k accounts recovered

DES MOINES, Iowa —

Another major provider of 401(k) accounts says the typical retirement saver now has more money in their account than they did before the stock market began tumbling two years ago.

The Vanguard Group Inc. said that 60 percent of participants who continued to contribute and stayed invested have more money in their accounts than they had in September 2007 before the market decline.

That means 40 percent of continuous participants have lower balances, although Vanguard said most of them are less than 20 percent below their earlier peak value.

Younger workers with smaller balances caught up the quickest. However, just half of the participants in their 50s and 60s have recovered or gained slightly while half have not.

Vanguard looked at participant balances between September 2007 and September 2009, a period during which the market peaked in October 2007 and declined dramatically in 2008 and early 2009. The company, based in Valley Forge, Pa., has 1.7 million retirement account participants.

Recovery depends heavily on whether the participant continued to put money into their account and their company maintained its match. Having the money spread between stocks and bonds also helped as did the market's 60 percent gain since the March low.

Vanguard is the second major provider in recent weeks to say recovery has come for millions of workers saving for retirement.

Fidelity Investments released a report in November that said the average account balance was up 13 percent to $60,700 by the end of the third quarter from the end of the prior quarter. The average account increased 28 percent from the end of the first quarter in March — when the stock market hit its low — to the end of September. — AP