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ESTATE PLANNING 101: PUT YOUR FINANCIAL HOUSE IN ORDER

No one enjoys thinking about worst-case scenarios. But providing for your children, especially kids with a chronic disease like arthritis, includes preparing for your own untimely death.

Often parents postpone estate planning. "We're young and healthy", they say. "We'll get around to it someday."

"Someday" may be too late, and children who lose their parents and have not been properly provided for are the mercy of the courts.

Even families with a life insurance policy and a will may not be adequately covered. It's important to have a detailed estate plan in place to ensure that those provisions actually get to benefit your child, and that medical care arthritis treatment is not interrupted due to paperwork snags.

Appoint a guardian

Your will should specify a guardian who will raise your children in the event that you are not able to.

This can be a challenging decision, with many factors to consider. Does the candidate share your values, lifestyle and child-raising philosophies? Does he or she hold similar religious beliefs? Is he or she physically able to raise the children?

What if your guardian nominee becomes divorced and remarries? Will that alter his or her ability to provide for your child? Does he or she have the time to devote to your child and, in particular, understand your child's arthritis care need?

It's also important to assess the financial stability of your guardian candidate. If you won't be able to set aside enough money to leave for your children's care, will the appointed guardian be able to afford to raise your kids?

You'll also want to have an alternate candidate in place, in case your first choice is unable to accept the responsibilities when the time comes.

Talk to your guardian candidate. Find out how he or she feels about it, address his or her concerns. "Make it easy on the individual", says Brent Neiser, director of collaborative programs for the National Endowment for Financial Education (www.nefe.org), in Englewood, Colo. "Write a detailed list of where your documents are, your plan, what you've done. It takes the pressure off the guardian not to have to do guesswork later on." It also gives the guardian documentation about your rationale, if the child has questions.

A thoughtful plan will ensure a smooth transition for both your child and the guardian. "People talk about leaving a legacy and its not just money, its thoughtfulness", says Neister. "It shows your kid that you had your act together and thought about them and the people who would care for them."

Prevent money distribution Snafus

As you set up your will, it also is a good idea to lay out a plan to ensure your child's uninterrupted coverage for medical and other expenses. Life insurance is only one source for providing for your

children financially. As you make financial decisions, take into consideration all available sources, such as the property you will leave behind, social security survivor benefits support from other family members.

Appoint someone you trust to manage the funds for your children until they become adults. In fact, rather than naming your children as beneficiaries, name the trusted adult. If you don't, the court will appoint a property guardian for the children, which will result in costs and delays that won't benefit your kids.

Put in place a contingency plan, in case your will is contested. "By setting up an 'in trust for' account, your child's providers can at least continue making premium payments on health insurance and have access to funds to better care for the child while the will is in probate, or if the will is contested", says Howard Krooks LLP, in New-York City. Even a fairly standard probate with an uncontested proceeding can last several months. So, make provisions for at least six months of your child's expenses to be held in the account and pass automatically on your death to your nominated guardian.

Don't forget disability

It's important for parents to plan their own care in addition to planning for childcare after their death. There is actually a greater likelihood the parents will become disabled than die while the child is under their care.

Many people do think to provide for their kids through life insurance. But a significant number of people don't consider getting disability or long-term care insurance for themselves.

"Long-term care planning is often avoided. It's the ugly stepchild of estate planning" says Marilee Driscoll, frequent speaker on long-term care planning and author of *The Complete Idiot's Guide to Long Term Care Planning* (Alpha Books, 2002). "As morbid as it sounds, it can actually be worse if the parent doesn't pass away, but is disabled, because that will tap into the financial needs of the family – there is now an additional cost involved when the parent is still alive but no longer earning."

Ask at work about payroll deduction benefits for life and disability insurance, although if the parent is healthy, they can usually get better and cheaper insurance through an agent. Also, by purchasing private life and disability insurance, parents won't lose those benefits if they quit a job or get laid off, emphasizes Driscoll.

Driscoll urges parents to start the estate planning process immediately. "None of us knows how long we will live, so contingency planning for childcare is a must."