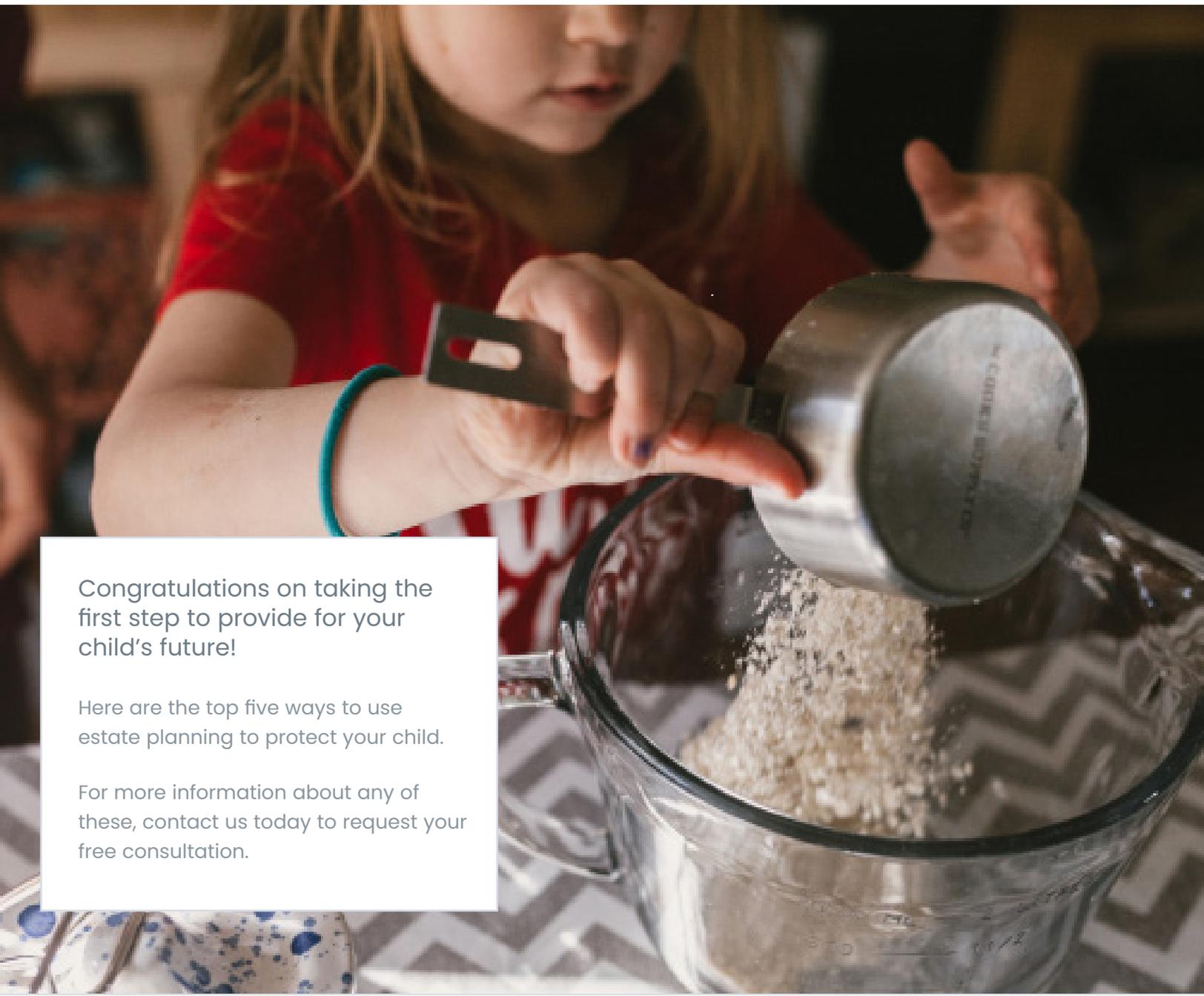


THE TOP 5 WAYS TO **PROTECT YOUR CHILD** WITH ESTATE PLANNING



Congratulations on taking the first step to provide for your child's future!

Here are the top five ways to use estate planning to protect your child.

For more information about any of these, contact us today to request your free consultation.

ONE

Name a Guardian to Love and Care for Your Minor Child

Name a guardian for any of your children who are still minors, and you'll have taken a huge step in estate planning.

A guardian has the legal right to custody of your child if something happens to both biological parents.

If you don't set a guardian in place for your child and something happens to both of their parents, Virginia Child Protective Services will take custody of your child.

The child may then be placed in an orphanage or with foster parents until a local Court decides who should get custody of them.

The court will eventually choose where to move your child for more permanent custody, but they may take their time deciding, and their choice is outside you and your family's control.

While most people would agree that it is important for the state to have a system take care of orphans, most people also don't want their child to be placed with strangers or in a group home during such a traumatic time.

The solution is to name a guardian in your Will. If you correctly name a guardian, Virginia law requires all courts and Child Protective Services to give that person immediate and permanent custody of your child.

The last thing your child needs is to be separated from people they know and love if a tragedy occurs.



Sadly, they'll have enough to process and work through without being moved from home to home. So when you name a guardian for them, you guarantee your child will be cared for by the people who are close to them.

We recommend you state both a primary and contingent guardian in your Will to ensure someone you choose is available to care for your child in the unlikely event that they are left without both parents.

TWO

Create a Minor's Trust to Protect Your Child's Financial Future

By law, children are not in control of their own funds or property until the age of 18.

If you die before your child reaches that age, they would not be able to access any money or other assets you leave them until their 18th birthday, at which time they would be given complete control of everything.

But think about it – what child, at 18, should realistically oversee large amounts of money? Your kid might be incredibly responsible, but if they received your life savings right out of high school, the temptations would be enormous.

To avoid this and protect your child's financial future, we recommend you add a minor's trust to your Will.

A minor's trust is a mini-trust inside your will which states that your child or children will not receive any money from your estate until a certain age (normally 25, but you get to choose). Until then, a trustee (selected by you) manages the money for the child's benefit. This trustee can sensibly distribute funds for things like your child's education, travel, medical bills, and other living expenses.

A minor's trust can ensure that your child is well taken care of without giving them free rein with lots of money until they've had a chance to mature, learn how to handle finances responsibly, and reach an age where their priorities in life are probably clearer and more grounded.



THREE

Designate Beneficiaries To Protect Your Child

Think of your will as the default rule of thumb for what will happen to your money and possessions.

But certain assets are exceptions to the rule. For example, if you state in your will that you want everything you own to go to your child, but you have an old investment account that lists your brother or sister as its beneficiary, that beneficiary trumps your will. The invested money in that particular account will go to your sibling rather than your child.

Assets like retirement funds (such as a Roth IRA or 401k) and investment accounts allow you to list beneficiaries on them. If you have a child listed as your beneficiary, these funds will go to them at the age of 18 **regardless** of any minor's trust fund you may have set up (look back at section TWO).

Not only that, but these funds are often tax-deferred monies (such as 401k retirement plans or individual retirement accounts).

This means that taxes have not yet been paid on these accounts. The government has many rules and requirements for how these accounts must be used and handled, and if your child does not handle them properly, they will incur additional taxes and penalties.

The last thing you want is for your child to get a large chunk of money at too young of an age, make rash decisions with it, and then have the IRS after them, demanding more taxes and penalties.



To avoid the risk, we recommend that you designate the trustee of your minor's trust as the beneficiary of all such accounts.

That way, all the money from these accounts will pour over and consolidate into one source which can be used for your child and then paid to them on their 25th (or whatever age you choose) birthday.

FOUR

Select a Power of Attorney to Make Financial Decisions for Your Child

Families find themselves in all kinds of unexpected situations.

So what if you don't die, but you somehow become incapacitated?

How will you provide for your child in the event of an accident that leaves you disabled and physically or mentally unable to work and care for them?

You will need someone to shoulder the responsibility of making financial decisions for both you and your child.

This is why you should select a financial power of attorney.

A properly executed power of attorney gives a trusted family member or friend of your choice the ability to take financial actions for you.

They'll be able to use your resources to pay bills and buy food for your family.



FIVE

Purchase Disability and Life Insurance to Ensure Your Child's Financial Needs are Met

This last aspect of estate planning is perhaps the most important.

You must make sure that you have enough life and disability insurance so that your child (and the rest of your family) are taken care of when you are gone.

A good insurance agent can assist you in figuring out exactly how much insurance you need.

But, be careful. Some dishonest insurance salespersons will try to sell you more insurance than you need.

We recommend that you meet with several different reputable financial advisers or insurance agents in person and compare what they tell you.



Nothing in life is more important than the well-being of our children.

You may have seen the movie “A Quiet Place” which came out in April 2018. It’s the story of a family trying to survive a post-apocalyptic world where monsters roam looking for prey.

But hang in there – even if horror and suspense films aren’t your thing, the real focus of the movie isn’t the monsters themselves. The film centers on two parents, particularly a father, who will stop at nothing to protect his family.

During one of the turning point scenes of the movie, the husband and wife are filled with dread because they don’t know where two of their children are. With tears in her eyes, the wife, in a weakened state (watch the movie to find out why), looks pleadingly at her husband and says fervently,

“Who are we, if we don’t protect them? Who are we? You have to protect them. Promise me...you will protect them.”

As the camera shifts to his face, no words are needed. The father’s eyes communicate his absolute determination to protect his children no matter what.

We know your kids are your greatest treasure. Call us today to find out how you can use estate planning to protect them and secure their future. A lot of things in life are uncertain – don’t let your child’s future be one of them.



Call us today to set up your estate planning consultation.

CALL: 540-931-7078