

## The Six Must Have Documents That Most Need... But Don't Have!

I have identified six must have documents\* that are critical building blocks that must support your financial house. Few are familiar with all of the six documents which control so much. Unfortunately for many, most of these documents are lacking or used inappropriately making them not only worthless but costing a small fortune in needless taxes and legal expenses to redo. It is so important to get a second opinion and guidance before they become problems.

A financial house is built with these six must have documents: **Will, Power of Attorney for Financial, Power of Attorney for Health Care, Medical Directive** (like a living will), **HIPAA Release, Retirement Asset Will (RAW)**. It is extremely important to have all your paperwork completed properly and don't forget up to date.

**Our Will** directs the executor to follow our wishes when we have passed away. But remember a will can be contested / bypassed and is not the final say. Most wills follow sweetheart wording: *"if something happens to me it goes to you "sweetheart". If something happens to both of us it goes to our "kids"*. This wording sounds loving but can cause big problems and oftentimes lacks a Per-Stirpes clause and almost never includes a short-term survivorship clause among others. A few missing or misplaced words and can become a nightmare to unwind.

**Our POAs or Power of Attorney.** Simply, you give someone the legal right to make decisions for you-both *Financial* and/or *Health* while you are alive. These POAs are like power documents with control that may last for many years. Again proper wording, documents more than a few years old or believing that they will be accepted by your financial institutions can cause big headaches. Most POAs come in many forms and should include gifting clauses, disclaimers, cascading of attorney in fact and much more.

**Our Medical Directive** is the document that everyone should have and works in conjunction with your POA. It tells your chosen person what type of care you want. **Most living wills** don't work for many reasons: many people don't even have one, those who do rarely know what care they would truly want in some hypothetical future and it's surprisingly difficult to state your wishes accurately and understandably. Unfortunately, the document is often unavailable when decisions need to be made.

**Our HIPAA release** is the document that allows someone to inquire about your health -without one it becomes almost impossible to get any information on the ill person. (**Health Insurance Portability Accountability Act**)

**Retirement Asset Will or Specialized Beneficiary Form.** If you have an IRA, 401(k), 403(b) or any type of retirement account, you need this document. These accounts **should never ever pass** through your regular will. It is critical that these documents be kept in your possession as well as this critical tagalong The Road Map.

The "**Road Map**" shows the family what to do, when to do it and in the proper order.

- a) clearly states the important dates beneficiaries must follow.
- b) realize that the U.S. Supreme Court took away ERISA protection for inherited IRAs
- c) explains the different RMD charts (3)
- d) plans to work through and reduce the massive tax bite
- e) explains the only acceptable wording the IRS allows on inherited accounts
- f) understand ERISA and beneficiary rules

To make it simple, miss some rules and it's easy to do. Any misstep can cost heirs a huge amount in taxes and that does not include any interest lost forever. It must be done right the first time.

*\*There may be more or less, does not include trusts or special circumstances.  
Please consult with a licensed attorney for a review.*