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Preparation Is Key at Any Age for Peace of Mind

IF 2020 HAS TAUGHT US ANYTHING, it is to expect the unexpected. Happy life events—marriage, a new child/grandchild, starting a business—evoke hope for the future. But what happens when life goes wrong, such as a divorce or death, the loss of a job or circumstances that require you to sell or wind down a business? Being prepared is the difference between having a comfortable lifestyle later in life, or sadly having to say such things as “Sorry honey, we need to sell the house,” or “Hope you were not set on going to college, kids,” or “There’s no retirement for me.”

It is easy to make excuses to delay planning. However, the time is always “now” to take control and act. Do the following statements sound familiar?

“I am in my 20s and too young to worry about my future quite yet.”

If you are over 18 and become ill or mentally incapacitated, know that your parents do not automatically have authority to make health

or financial decisions for you. An estate planning lawyer can help you prepare necessary paperwork such as durable powers of attorney for healthcare and property to allow family members to help you by having decision-making authority and access to your medical records and financial affairs.

More and more 20-somethings are career-driven individuals who are quickly accumulating assets which need to be safeguarded. Proper estate planning is not just about deciding who gets assets upon death, but also about protecting yourself and setting financial planning goals.

“I am in my 30s-40s and do not have a large ‘estate’, so I do not need an estate plan.”

Your estate includes almost everything you own: real estate, life insurance, investment and retirement accounts (mutual funds, IRAs, 401(k) plans, etc.) and personal property (cars, jewelry, etc.). Whether you already have a home and a family or are focused on establishing your career before settling down, shielding your assets from

unnecessary loss such as excess taxation and lawsuits can provide immense value.

Without an estate plan, your family can lose control over important family decisions, specifically guardianship of your minor children and beneficiary designations. For example, in some cases if Dad passes away without an estate plan, the surviving spouse is only entitled to half of Dad’s assets with the other half going to the children. This is an unpleasant surprise for many spouses.

Additionally, far too many 30- and 40-somethings fail to purchase **permanent** life insurance while they are young, healthy, and insurable. Unlike term insurance which usually expires after a term of years, permanent life insurance “will really be there” when the surviving spouse and/or family may need it the most. Like locking in lower interest rates when mortgaging your home, locking into lower insurance costs while young and healthy can save significant money and help to create and preserve an estate.

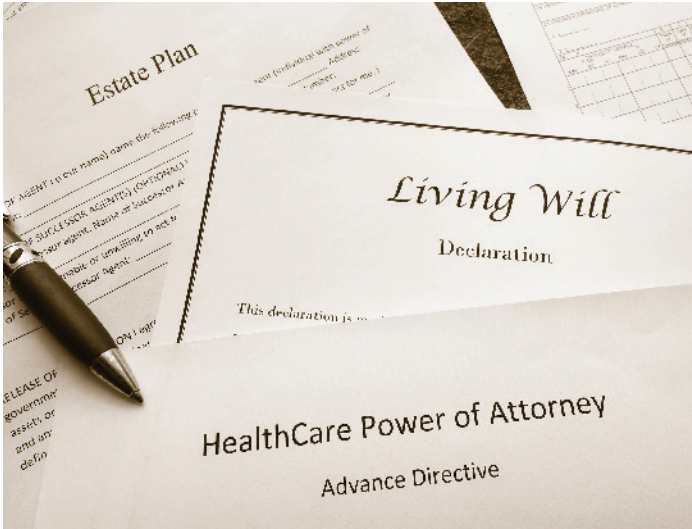


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“I am in my 50s and my spouse’s salary and investments will provide us with a comfortable future.”


Relying solely on a spouse’s current income can present a high level of risk. Businesses fail, jobs are lost, markets slump, 401(k) plans underperform and unfortunately, couples divorce and spouses pass away. Advanced planning strategies, such as an irrevocable life insurance trust, can not only provide asset protection from creditors but allow your beneficiaries’ guaranteed inheritance to grow without any income and estate taxes.

Women in traditional marriages may face additional financial considerations: on average, they live longer than men and may have shorter work histories due to raising families. Combined with dependence on their spouse’s income to continue an established lifestyle, many women are vulnerable to significant financial risk when their spouse passes. Manage this risk by taking an active role in crafting a well-devised estate plan and securing proper life insurance on your spouse.

“My parents are getting older; at their age they probably have plans in place already, but my family doesn’t like to discuss these issues.”

Although possibly an uncomfortable discussion, consider being the one to initiate the conversation around your parents’ financial situation and desires. Your parents should have legal documents stating how they want their assets distributed, who is in control of their financial and medical affairs, and long-term care/insurance plans. Having these plans solidified can help siblings avoid conflict when taking care of Mom and Dad and beyond.

“We have retired and are living how we want. We are happy with the plans we have in place.”

Well done—you have taken all the right steps to secure your future. Regular maintenance is key. Review and update your plan when necessary. Include clear long-term care directives to give you and your family the ultimate gift—peace of mind. 

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