

One of the most common questions I hear regarding estate planning is do I need a will. For the vast majority of people, the answer is yes.

Many people believe that a will is only a requirement for people with significant wealth. This is often a mistake. Determining what happens to your life savings is just one of the reasons for having a will.

Children

Parents of minor children should have a will regardless of their level of assets.

The primary reason is the ability to choose the children's new guardian. If both parents die without wills, a probate judge will choose the most appropriate guardians in a process that could take days, weeks or months. Judges are generally good people trying to make good decisions and it is entirely possible that a judge would make a choice the parents would approve of.

But, I know few parents that would knowingly place that decision in the hands of anyone else, no matter how qualified. Who raises your kids is a personal decision, one that should be well thought out and made by the parents. Accordingly, parents should do two things.

First, they should talk to potential guardians about the idea of parenting their kids in the event the parents are unable to do so.

Second, parents should have wills drafted that will carry out their desires.

Family Heirlooms

Some family treasures have a tremendous amount of sentimental value and should be passed down for generations. My godmother left me a pen and pencil set she used as a school teacher. I treasure it dearly and used it to sign my first court documents. Without a will, such treasures may be sold, passed on to the wrong heir, fought over or forgotten. A will allows you to pass such treasures to those that will appreciate them the most.

Doesn't the State Get Everything If I Don't Have a Will?

This is one of the most common misconceptions. If a person dies without a will, the state's "intestacy" statute will apply. This is not always a bad thing. Under most state's laws, intestacy makes provisions for family in degree of relation. Spouses and kids are first to inherit. If neither are living, parents inherit. If the parents are not alive, then brothers and sisters. It is a mistaken thought that the intestacy statutes allow the state to take one's assets. Generally, that only happens if the decedent has no living family. In many cases, intestacy statutes provide a suitable means of distributing one's life savings.

Significant Wealth

Of course, proper estate planning is important for those people that have over a half a million in assets. Estate planning can result in significant tax savings at both federal and state levels.

How Much Does a Will Cost?

The cost of a will ranges from \$500 to \$1000. More sophisticated planning instruments, such as revocable living trusts, medical directives and charitable remainder trusts take more time to draft and cost more. A sophisticated plan will run anywhere from \$1500 to \$5000. The vast majority of people require only basic estate planning.