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Educating Idahoans to Make Their Own Estate Planning Decisions

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Educating Idahoans to Make Their Own Estate Planning Decisions

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Abstract: *To address the need for estate planning education, University of Idaho Extension partnered with community organizations, local attorneys, and health care*

professionals to conduct unbiased, low-cost seminars that teach important legal end-of-life concepts and skills. Using the award-winning Legally Secure Your Financial Future: Organize, Communicate, Prepare (LSYFF) curriculum, 19 seminars were offered to nearly 1,600 participants throughout Idaho. Instructors guided seminar participants through an evaluation of their important documents and legal decisions, taught estate planning concepts, motivated attendees to communicate legal end-of-life wishes, and provided references for self-help or professional assistance.

Introduction

Estate planning is complex and can be overwhelming to both educated and uneducated Americans. "The United States population continues to age and how people plan for the inevitable consequences of mortality is important to them, their families, friends, and communities" (Palmer, Bhargava, & Hong, 2006). Family members need to understand the legal parameters and financial consequences of the alternatives available to them in order to make effective decisions about estate planning (Edwards, 1991). "The complexity of the financial products and services industry, along with the rapid changes in technology, information availability, and public policy, demands a financially literate consumer" (Porter, DeVaney, Pling, Strum, & Schuchardt, 2005). Frequently, living trusts and other financial products are over-sold and are not necessary for many Idaho consumers.

Individuals who provide final legal instructions to their survivors ensure property is distributed according to final wishes, name guardians for minor children, save money by reducing costs and taxes, direct the estate administration, and help avoid disagreements among survivors. Additionally, estate planning documents instruct whether life sustaining medical treatment is desired if an individual is unable to communicate.

Advance directives appoint an agent to make medical and/or financial decisions on an individual's behalf. A large portion of health care costs is incurred in the last year or 30 days of life. Individuals who lack advance directives for health care may be kept alive against their wishes, creating financial burdens for Medicare, insurance, and/or families. A recent AARP survey of respondents ages 50 years and older indicated many have some knowledge of advance directives and pre-plans. However, only 37% and 36% reported having a health care power of attorney and a living will, respectively, and only 46% had completed a will (AARP, 2008).

In 2009, a Harris Interactive survey compared historical estate planning data for

2004 and 2009. The study found the percentage of Americans who had estate plan documents had declined as shown in Figure 1. Three-quarters of the Harris study respondents reported the economic downturn had influenced how to plan for the future. Nearly half of respondents said they are more focused on essentials right now (Harris Interactive, 2009).

Table 1.

Wills and Estate Planning Survey Results

Had Estate Planning Documents	2004	2009
Up-to-date will	42%	35%
Power of Attorney (Health Care and Financial)	35%	29%

Estate planning documents are important components of financial security in later life. Across the nation, Americans admit that they procrastinate and hesitate when considering issues of death or incapacitation. According to Mike Pattinson, an Idaho attorney, approximately 70% of Idaho residents die without a will. "Dying without a will IS a form of estate planning," the attorney added (Personal Communication, 2010). Adults who lack a properly executed estate plan that includes a last will and testament, a living will, and health care and financial powers of attorney are choosing to let someone else make their final decisions. With no estate plan, state laws will determine how to dispose of an individual's estate.

Our Response

Several local and national Extension programs/curricula address farm succession- and agriculture-related estate planning. However, a recent study showed little evidence could be found that Extension services are teaching family legal planning (Guinn, 2010). Several University of Idaho Extension faculty teamed with AARP, a local financial literacy coalition, community organizations, attorneys, and health care professionals to conduct unbiased, low-cost seminars that address important later-in-life legal decisions using a national award-winning Legally Secure Your Financial Future: Organize, Communicate, Prepare (LSYFF) curriculum (Bischoff, Healy, et al., 2005).

A concentrated effort to educate the consuming public about the purpose of estate planning and the rules and regulations affecting individual and family decisions in this area is necessary. Such an educational effort

would require a cooperative effort on the part of public schools, community, extension education programs, financial institutions, and professional groups most directly concerned with estate planning (Edwards, 1991).

With local attorneys and health care providers, the Extension educators taught 19 Legally Secure Your Financial Future: Organize, Communicate, Prepare (LSYFF) seminars in seven Idaho metropolitan and rural communities between 2004-2010. Instructors guided seminar participants through an evaluation of their important documents and legal decisions, provided estate planning instruction, and suggested references for self-help and/or professional assistance.

Program Outcomes

Nearly 1,600 adults attended 19 seminars. Seminar attendees learned what estate decisions need to be made before meeting with an attorney (where fees are as much as \$150 per hour) and more clearly understood the estate planning processes, which for many resulted in considerable cost savings. They learned that during probate, a properly prepared will is a powerful document. Living trusts and other estate planning tools that attorneys help draft are supplemental pieces that may not be for everyone.

Participants reported taking numerous actions as a result of involvement in the classes. Comments included the following.

- "We estimate we saved over \$300 on our will, living will, and powers of attorney by being organized and knowing what we wanted ahead of time."
- "The seminars helped us focus attention on the need to revisit estate planning tasks. After the first week, we sent for new passports, new Social Security cards, and completed new advance directives. We then gave copies of our living wills to our children and communicated our desired wishes."
- "As a result of the seminars, I contacted a financial planner who in turn referred us to an attorney to establish health care directives and a family trust."
- "Life is short and you never know when papers are going to be needed. It made me stop and think about some of these issues and to get some of the necessary paperwork done. I still have more to do, but I'm more than half done."

Seminar participants reported taking these actions: organized papers; organized financial affairs; completed wills, living wills, and medical and financial powers of attorney; met with financial professionals (attorneys or financial planners); updated beneficiary designations on life insurance and retirement accounts; made funeral and cemetery arrangements; tended to legal guardianship matters; and bought long-term care insurance.

Many responded that their advancing age and failing health or illness were motivating factors to initiate estate plans. Participants stated they had procrastinated getting their wills completed or updated, and the class motivated them to meet with an attorney. A few listed overseas deployment as a reason to develop an estate plan.

When pre-assessments were compared to 6-month follow-up surveys, participants reported having started or completed the following actions.

Table 2.

Secure Your Future Pre- and Post-Assessment Results

Before	6 Mo After	Legal Tools
64%	88%	Organized financial records
34%	87%	Inventoried important papers
62%	86%	Organized property records
40%	86%	Organized family records
47%	80%	Developed household recordkeeping systems
30%	68%	Completed living wills
15%	67%	Written goals for legal matters
44%	65%	Written wills
32%	64%	Completed health care durable power of attorneys

In addition, respondents to the 6-month follow-up indicated 85% had discussed legal issues with family members, 86% felt they were better prepared for end-of-life issues, 64% had increased their estate planning knowledge, 82% increased

communication with family members, and 79% felt more financially secure after participating in the seminar.

Conclusion

The Legally Secure Your Financial Future seminars successfully educated participants to evaluate their legal status related to later life issues, develop a personal action plan, communicate legal end-of-life wishes, and take important legal steps to safeguard their financial future.

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