

Chapter 6

**Preparing for the Final Journey – Estate
Planning**

MATT PASCHE

Trust Specialist

Matt Pasche works with clients at Summit Investment Advisors with the Estate Planning Process.⁸ Matt got his start by working as a Paralegal for one of the largest estate planning law firms in the Midwest. He has assisted hundreds of families with their plans, and his passion is teaching and training others ways to avoid costly mistakes.



Matt is licensed in Health and Life insurance. He is a graduate of Metropolitan State University, where he was an NCAA All American in Track and Field.

Matt and his wife, Dr. Lauren Pasche, have two children, Jack & Madeline.

⁸ This information is not intended to be substitute for individualized legal advice. Please consult our legal advisor regarding your specific situation.

Getting Started:

My first meeting with a client is really all about identifying what their goals are. Then, once we have also identified what assets will be subject to probate, we can dive down into how we make that happen.

Making a Difference:

One of my first experiences in estate planning came when a friend's father had a massive stroke that left him completely paralyzed on the left side of his body at age 70. He required comprehensive nursing care, memory care, physical therapy, and ultimately someone to manage his finances. In an instant his life changed and so did the lives of his immediate family.

Seeing what happened to them made me realize I could make a difference in people's lives. His house had to be sold and the estate was liquidated to pay for his care. Had he been married, his spend down picture would have looked a lot different. In 2015 his nursing home cost averaged between \$10,400 and \$10,800 per month! When he died, 29 months after his stroke, his bills had amounted to \$390,000.

So much of what we plan for pertains to what we plan to leave behind to our loved ones, but in reality, planning for the living can often be more important. According to the insurance industry 70% of adults are going to need some level of long-term care, and less than 10% have enough to cover the cost. When I share this information in my workshop, it forces a lot of people to sit up and take note.

PREPARING FOR THE FINAL JOURNEY

According to a survey done by AARP, one of the biggest fears for retirees is that a nursing home will cost them their home. The nursing home is probably not going to take your home from you while you're alive, but if you leave a bill behind, they may exercise the option to come after a portion of your estate. A little planning can go a long way.

Key Documents:

It's extremely important to have a durable Power of Attorney for property and finance along with Advanced Healthcare Directives (also known as a Living Will). However, people need to understand that a Power of Attorney document is only valid while you're alive. If you are going to grant someone signature control to transfer your estate to the beneficiaries, then a Revocable Living Trust might be the best option for you.

Assets in Probate:

Probate by definition means "to prove." In other words, if we have left any debts behind when we die, the debtors we leave behind get an opportunity in front of a judge to prove that they are entitled to a portion of the estate. And in a probate proceeding, the first one to get paid out of the estate is the probate attorney, which can be a rather large portion of the estate.

A probate asset is any item that requires a signature to transfer ownership to a named beneficiary, such as real estate or a vehicle title. But it could also be a business interest or a bank account. It's always a good idea to identify and interpret how property is owned. My clients often assume that their assets will transfer to their beneficiaries automatically. When we do estate planning,

this is often when they get introduced to the concept of probate.

The Cost of Probate:

According to the State Attorney General's office the average time that an estate spends in the probate courts is 18-24 months. That is going to deplete the estate between three and nine percent. And that's off the top, of the gross estate, which can be a lot. In fact, it's estimated that the probate industry is \$30 billion a year. The smaller the estate, the larger the portion that comes out, and the inverse is generally true of larger estates. There are simply more resources to cover the legal expenses in a larger estate, but the overall percentage for probate costs won't be as high.

With a proper estate plan your assets can go to your loved ones exactly the way you want them to, in a timely fashion, and with much less cost! We can also put provisions in place to look after children with special needs or address any concerns about children with substance abuse issues. Blended families and people with no children are usually the most hotly contested estates. A Trust ensures that your wishes are honored and that someone will be in place to carry them out, and it's not going to be the state.⁹

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