

# Crisis Preparation: 3 Things for Safeguarding Your Financial Future

No one likes to think about the impact of their death on their loved ones. But the reality is, not having certain elements in place can turn a tragic situation into a financial crisis. Having these safeguards in place can help provide your family with the financial security they need should the unexpected happen.

Here are three things that you can do to help bring you and your family peace of mind in the event of a tragedy:

## #1- Purchase a life insurance policy

You likely want your loved ones to be financially stable after you pass away, and life insurance can help make that possible. The amount of life insurance coverage you need depends on your income, outstanding debts, and expenses that you would like to pay for (such as a college education for your children) upon your death.

Life insurance is purchased as either a term or permanent life insurance policy and can have additional benefits, such as riders and cash value accounts that you can utilize while you're still alive. Talk to a financial advisor about life insurance options and how much you'll need to help protect your family.

## #2- Create or update your will

A will guides how you want your intentions carried out after your death. It includes the following information:

- How you want your assets divided and who receives.
- Who you choose to be the guardian of your minor children.
- Naming your executor, or the person responsible for carrying out your will and settling your estate.

If you do not have a will at the time of your death, your heirs will receive distributions according to your state's intestacy laws. Depending on your marital status, this means your living relatives, such as your spouse, children, siblings, parents, and aunts/uncles, will each receive a portion of your estate. If you pass away with no known heirs, the state in which you reside will absorb your assets— something you may want to avoid.

It's important to note that when you die, your will must go through probate, an at-times lengthy process of proving your will in court. Take this into consideration when planning your estate.

You can create a will using an online tool from a reputable legal services website or through an attorney. Revisit your will regularly as your life changes to ensure it is up to date with current information.

## #3- Consider a trust

A trust is an arrangement by you and a third party, or trustee, to hold assets on behalf of your beneficiaries for an amount of time that you determine. Most trusts have the benefit of avoiding probate and minimizing estate taxes, allowing you greater control over your wealth and legacy. Consulting an attorney is recommended regarding whether a trust is appropriate for your estate plan. Unlike a will, there are several types of trusts to consider based on your situation.

These safeguards may take some time, effort, money, and assistance from professionals to put in place. However, it is well worth it as these safeguards will help your family avoid financial stress on top of the untimely event of losing you.

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