

# 4 Basic Financial Documents Every Family Should Have

Life becomes increasingly more complicated when you're a parent. Caring for a tiny human in the present also requires planning for their future. Having key documents in place can help you protect your children financially and arrange for their care should something happen to you and your spouse.

As the year draws to a close and you're reviewing your financial situation, be sure to consider these four planning strategies to help prepare your family for the unexpected.

## 1. Beneficiary designations

Designating beneficiaries on your financial accounts is an easy, stress-free way to make your wishes clear. For each of your accounts, including your Individual Retirement Account and health savings account, name a Pay on Death (POD) beneficiary who you would like to inherit your savings. You need a beneficiary form for your workplace retirement plan (401(k), 403(b)) too; if you're married you need to file a spousal waiver to name anyone other than your spouse. And [keep a copy of these forms](#), along with your will. They're just as important.

Beneficiary designations supersede wills and other documents, so be sure to review your beneficiaries in the event of a death, divorce, re-marriage or other major life event.

## 2. A will

Think of your will as “a higher-level bird's eye view of your actual wishes,” says Allison Kade, Editorial Director and Head of Content Marketing at [Fabric](#), a company that provides wills and life insurance online.

A will should specify who you wish to inherit any real estate, cars, jewelry or other assets you own. And, most importantly for parents, a will is where you would designate a guardian for your children should you die before they reach legal age. Yet according to a [2017 study by Caring.com](#), only 36 percent of Americans with children younger than 18 years old have a will.

Why do parents procrastinate when it comes to writing their will?

“It's only unimportant until you need it, and then it's too late because you don't have it,” says Penny Vance, Fiduciary Managing Director at PNC Wealth Management.

Vance recalls the morning of September 11, 2001, when her husband worked on the 95<sup>th</sup> floor of Tower Two of the World Trade Center. With two children, ages three and six, she was pretty certain she was a widow. “And we did not have a will,” she says. “Do as I say and not as I do.”

Fortunately, Vance's husband was unharmed during the attack, but the scare prompted her to get her affairs in order.

Vance suggests finding an attorney who specializes in family law to help create your will. An attorney can help answer any questions you may have and can dig deeper to make sure your money is going where you want it to when you're no longer here.

But, there's also the option to create a will online, a service Fabric offers for free.

"Among our customers, the median time it took to create a will was seven minutes, and three quarters did it in under 10 minutes," says Kade.

The service might not make sense for families with complex financial situations, but at the very least, you will be able to designate a guardian for your child in a legally binding document.

Kade recommends reviewing your will at least once a year, or when there are any significant life changes. If you create a will on Fabric, you can access the document and make edits at any time.

#### **A Health Care Proxy (durable power of attorney for health care)**

A health care proxy is a document that names the person you would like to act on your behalf in the event you are unable to make decisions for yourself. It also gives the person legal access to your medical documents.

Parents should have health care proxies for themselves, and they should also make sure their children have health care proxies once they turn 18. Without one, you won't have the legal authority to make medical decisions for them in the event of an emergency.

#### **4. An Advance Medical Directive (living will)**

An advance medical directive is where you can make your actual health care wishes known. For example, your living will would include your views on life support treatments and organ donation at the end of your life.

In order to make sure these wishes are fulfilled, Kade recommends having both a health care proxy and a living will. Making it clear what you want can help alleviate stress and confusion during an emotional time for your family members.

"If you look at headlines in the past decade or two, there have been some prominent cases in which families have fought over the care of someone who is not actually deceased, but has various health care issues," she says.

An advance directive form that includes a health care proxy can be completed without an attorney, but you may need signatures from witnesses. CaringInfo, a national consumer education and engagement program of the National Hospice and Palliative Care Organization, provides access to your state's [free advance directive forms](#).

If there are any doubts about whether you need a will or other estate-planning documents, Vance suggests you take a look at your children and ask yourself, “What do I have in place if something happens to me?”

“If you have children, it’s your obligation to take care of them as best you can, and that includes planning for them,” she says.