

## LEAVING A LEGACY PLAN

*We will all leave this world sometime.  
Why leave unanswered questions with those we love?*

Provided by Renita M. Owens, CPA, PFS

We all want to live a significant, successful life. Yet how many of us realize that our important, positive contributions can last long after we are gone?

Two things are certain: death and taxes. Some of us grasp that reality early, so we create wills, living trusts and estate plans. Others deny this reality and leave their heirs with perplexing questions, added stress and even anger when they pass away.

The truly farsighted among us opt for a full-fledged legacy plan.

**How does a legacy plan differ from an estate plan?** An estate plan determines a destiny for your assets. A legacy plan does that and more: it communicates your values, wishes and memories as well as financial directions.

If you ask someone about the “why” of estate planning - that is, why should you have an estate plan in the first place - the instant response is “to avoid estate tax”. That is certainly a good reason to create an estate plan - but it may not be the best one.

A legacy plan can convey your values and wishes when it comes to the following matters:

- The distribution of the estate - selecting a steward, showing that person how these assets are to be managed according to your values and outlook.
- The future of a family business - you can share the knowledge only the owner and founder has, you can establish who will own it after you, who will manage it and who will benefit financially from it.
- Protecting your business (and your estate) from “predators and creditors” - taking steps to insulate the business (and your heirs) against lawsuits, debts outstanding, and intrusions of relatives or past associates.

**What do conventional estate plans risk ignoring?** While basic estate plans establish where assets go, they don’t often communicate the personal and practical details that can aid heirs in the case of an unexpected loss.

A legacy plan communicates more than financial details - it expresses your values, your final wishes and the life lessons you want to pass along. It conveys knowledge that may make things smoother for your heirs and your company at a time of grief and crisis. It imparts wisdom that your successor may use to guide inherited assets in the future, so that these assets might endure for more than a generation.

In other words, it gives your heirs your business some answers to the questions “what do we do now” and “what would he/she have wanted us to do”.

**Legacy plans are built taking many factors into account.** The first factor is you. What are your goals, financial and otherwise? A legacy plan should first respect your wishes and intentions.

The second factor is family. Different people define “family” in all kinds of different ways. A good legacy plan respects your definition, and is created with an understanding of it and your particular “family” dynamics.

Only after this should the tax and financial strategies of the plan be determined.

Many estate plans are too boilerplate, and/or they aren’t designed to hand down the experiential wealth and wisdom that should accompany the assets. A good legacy plan transmits values, instructions and guidance to ease a family’s burden when it comes to settling financial and business issues at a time of grief.

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