

# WILL POWER



ALISON MIKSCHE, STYLING BY BETTE BLAU.

No one likes to think about estate planning, so it's no wonder that two thirds of American parents don't even have a will. Do you really need one? To find out, **TAKE OUR QUIZ.** By Jill Hamburg Coplan

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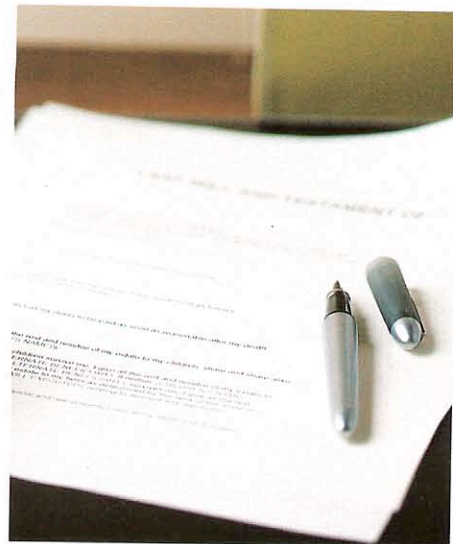
atives. "Often, widows who expected to inherit their husband's estate are devastated by this news," Chill says.

**3. B** Most experts recommend that parents choose a guardian who shares their religious, educational, and parenting values. Though it's understandable to want your mother or father for the job, naming someone of your own generation is best for your children because a grandparent's health and stamina are less predictable over the years. (Aunts and uncles are often good choices, though it isn't necessary for a guardian to be a relative.) And you needn't figure the guardian's income into your decision. With proper estate planning, you can provide for your children's care.

Before you draw up your will, talk to the person you've chosen (pick only one guardian, not both halves of a couple), and make sure she and her spouse are up for the job. Then review your choice every four or five years. If you're divorced, realize the court will legally favor your ex as your children's guardian, no matter whom you name.

Your children also need a financial guardian. It can be the same as their legal guardian, but many experts recommend dividing the duties to set up a system of checks and balances.

**4. D** It's easier than ever to draw up your own will, thanks to online programs, software, and books. But the do-it-yourself approach has many pitfalls, and you could be setting your heirs up for a legal nightmare. An astonishing number of conditions—such as removing a staple, using any kind of correction fluid, or having your children witness the signing—can disqualify a will in certain states.



If you go the solo route, have a lawyer review the document, and be aware that this can cost nearly as much as having a basic will created from scratch—about \$400 and up. (When an estate requires a lot of planning, including setting up trusts, a will can cost as much as \$1,500.)

**5. A and B** Store a copy of your will with your lawyer and one at home in a fireproof box, and be sure to send family members or friends written notice of where the copies are. Storing a will in a safe-deposit box at the bank is a common mistake: It's the worst choice, because many states seal these boxes automatically when a person dies, and they cannot be opened until the estate is settled.

**6. D** Review your will whenever you go through a major milestone—a birth, the purchase of a home, a divorce, or the death of an heir. The same thing goes if you receive an inheritance or move to a different state (state laws vary, so be sure to check). You may also want to update your will when tax laws change significantly, as they did last year. When you review your will, also review who is the beneficiary of

your 401(k) account, pension plan, and insurance policies.

**7. B** If it sounds like a good idea to pass your assets directly to a minor, think again. Leaving it to the surviving parent with explicit instructions is a far better choice. If you leave money, life insurance, or retirement benefits directly to a minor, the court will appoint a trustee to oversee how the money is used. Even if your spouse is named the trustee, the court will still need to approve your family's private spending decisions (summer camp, for instance). And yearly court administrative fees could cut deeply into the estate. What's more, in some states, money left to a minor passes into his control at age 18—an age many parents consider far too young.

The third option is a trust, which lets you decide how old your child will be before he controls the inheritance. Most parents opt for age 25 or older. But setting up a trust makes sense only if you're wealthy and want to pay less in taxes while passing money to your children. Set one up if your spouse has enough to raise the children and pay their college tuition.

**8. C** Both parents probably need insurance, even if one stays home full-time. If you are a single working parent trying to manage on your own, the cost of child care, housekeeping services, and take-out meals can really add up. And though it's a great idea to start a college-savings account, it's unlikely that it will cover all of your child's living expenses.

You may be lucky enough to have life

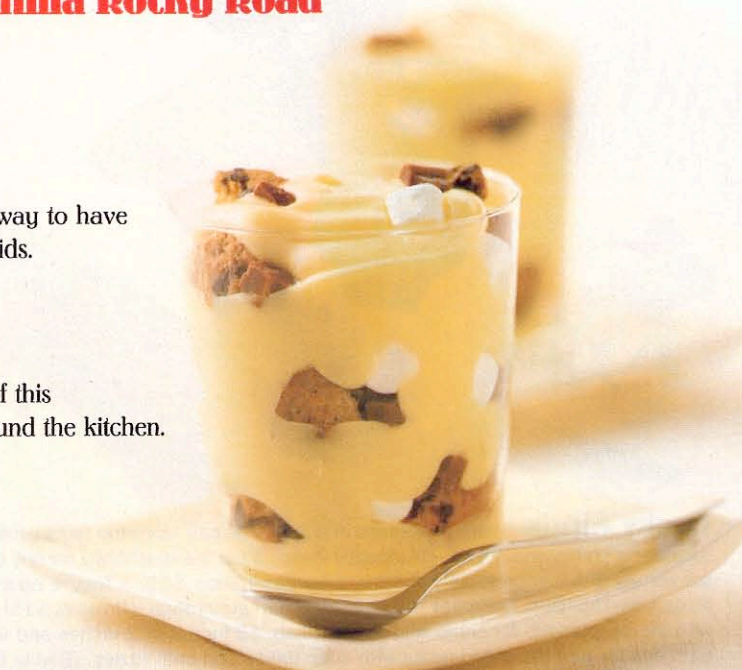
insurance as a job perk, but take a close look. Your coverage may not be nearly enough. Financial advisers recommend buying ten times your annual income—if you can afford it—in 20-year term insurance, which is the least expensive kind. (It provides benefits only if the policyholder dies within the term—say 20 years—and you pay only during that term.) A 35-year-old non-smoking woman, for instance, would pay around \$270 a year for 20-year term insurance worth \$300,000. "People get all worked up about getting insurance, but it's really very simple," says John Wasik, author of *The Kitchen-Table Investor*. "You can use a free online service such as Insure.com or Accuquote.com and save yourself a commission." Life insurance, along with drawing up a will, is a way to give your family lasting security and protection. □

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