

Planning Ahead



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Estate Planning for Young Adults

With no dependents and minimal assets, young adults in their 20s aren't thinking about estate planning. But the unthinkable can happen, leaving parents and family with the job of emptying out an apartment, tracking down accounts and sorting out debts, all while dealing with a tragedy. There are some simple steps a young adult should take for the "just in case." First, everyone over age 18 should have at least a basic will. It can be as simple as "who gets what" and "who will be in charge." Second, everyone, young and older, should have a ready list of their bank and investment accounts, life insurance policies, IRA's, 401k(s) and other assets. Third, everyone needs to have their online passwords written down somewhere. Last, but not least, everyone should have a Durable Power of Attorney and Advance Health Care Directive.

Designating a "payable on death" beneficiary for a small bank account or investment account can be done easily, often just by going online. Naming a beneficiary should be consistent with the "who gets what" in the will, if there is one, since the beneficiary named on the account will be entitled to it, even if the will leaves the account to someone else.

If young adults have a job with employee benefits such as life insurance or a 401(k), they need to have specific named beneficiaries, not just their "estate." Change of beneficiary designation forms are often easily obtained online. These simple steps may have the added benefit of keeping an estate out of probate.

Inexpensive life insurance can be a solution for student debt. Not all student loans are discharged because of death. A parent or other co-signer on a student loan could be left on the hook even after the death of the student borrower. Term life insurance for the amount of the loan and made payable to the parent or other co-signer can be taken out with minimal expense.

Life happens. Estate planning applies even to the small estates of the young adult just starting out in life.

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