Young People Need an Estate Plan, Too

A common misconstrued belief is that only wealthy people, or people of a certain age need to do estate planning. However, any adult, anyone with assets or property, and especially someone with a minor child needs to do planning.

Younger people are more likely to overlook an estate planning need. In today's world, we have identifiers for these groups, Generation Z ("Gen Z") and Millennials. Gen Z is commonly described people born around 1997 through 2012, and Millennials are generally described as the generation born after 1980 but before 1997. Of course, these terms and age ranges are generalities, but when you look at these dates the youngest Millennials are in their twenties as are the older Gen Z's. Furthermore, it is estimated that there are around 72.1 million Millennials and 68 million Gen Z's.[1] That's a lot of people!

Regardless of your thoughts on cell phone use or social media of the various generations (think smart phone vs. flip phone), unfortunately these younger generations, like those before them, are failing to prepare for their own incapacity or demise.

A recent *Caring.com* survey found that only 1 in 3 Americans had an estate plan overall, and that 74% of people 18-34 do not have a will or trust.[2] This is a huge, and unfortunately common, oversight for every generation, including younger generations.

Many younger people may feel they don't have enough money to justify a plan, but planning is about a lot more than net worth. For example, if you have a minor child, the only way to name a guardian for that child is through a will. Otherwise, courts must get involved to determine guardianship. This is typically not what people intend.

Maybe you feel you don't have anything to concern yourself with because you're still building your net worth and have lots of debt, such as credit card or student loan debt. However, did you know most federal student debt can be discharged at the time of death? While private student debt doesn't typically discharge, this may mean your net worth is greater than you think.

Perhaps you have some savings, a home, a 401(k), or a car. Regardless, you need to stipulate where you'd like your assets to go should something happen to you. If you don't, your state has default provisions for where your assets will pass, which means you don't get to control those distributions.

[1] Boomers, Gen X, Gen Y, Gen Z, and Gen A explained (kasasa.com)

[2] 2023 Wills and Estate Planning Study - Caring.com

The most overlooked side of planning is preparing for incapacity. Should something happen to you, and you can't make financial/medical decisions for yourself (car wreck, etc.), you need to have a plan to address these things. Financial powers of attorney and/or living trusts can address your financial needs, while a health care power of attorney and/or living will can address medical concerns.

If you fail to plan for this contingency, your bills and obligations will continue whether you are capable of addressing them or not. Even more scary is your medical decisions may be made by some doctor you've likely never met.

And if you haven't planned for your incapacity, a court action will be necessary to name a custodian to manage your affairs. Again, their decisions may not reflect your wishes.

This task may seem overwhelming, but you have help available. Your financial advisor has information about planning techniques and can provide support for you to build your plan. We can help you find an appropriate estate planning attorney if you don't have a relationship, and we can help navigate some of the financial decisions necessary when preparing your plan. Remember, the old cliché still applies, "By failing to prepare you are preparing to fail." Get your estate plan in order so that you can control how your care and your assets will be managed if something happens unexpectedly. ■