



Regions Wealth Podcast

Episode 23: Your Lasting Legacy: Estate Planning Without Heirs

According to the U.S. Census Bureau, an increasing number of Americans are choosing to remain single. While this can simplify financial planning, it can also introduce a new set of challenges, particularly when it comes to estate planning. In this episode, Private Wealth Planner Wyeth Greene joins us to discuss estate planning tips for people without heirs.

Episode Transcript

Sarah Fister-Gale:

Welcome to Regions Wealth Podcast, the podcast that tackles life's challenges with financial experience. I'm your host, Sarah Fister Gale.

According to the U.S. Census Bureau, more and more Americans are choosing to remain single. And while this can simplify financial planning, it can also introduce a new set of challenges, particularly when it comes to estate planning. Joining me remotely is Wyeth Greene. He's a private wealth planner for Regions Bank. Wyeth, thanks for joining us today.

Wyeth Greene:

Glad to be here, Sarah.

Sarah:

So in this episode of Regions Wealth Podcast, we're discussing estate planning when you don't have heirs. We've taken some frequently asked questions and have developed a character who needs your help. Let's listen.

Chan:

"Hello there. My name is Chan, and I am grappling with something that no one really likes to think about: estate planning... or who is going to receive my assets after I'm gone, to be more precise. Now that I'm over 70, I can't put it off any longer. The problem is, I have no heirs. My wife passed away in 1984, just as we were planning on starting a family. I never remarried... instead, I poured all my energy into my business.

To complicate matters, I am an only child. My parents came to the U.S. when I was just a baby, and with all of my extended family overseas, I never had the chance to build relationships with



them. So, while I am quite active at church, I volunteer often, and I've developed plenty of great friendships, I don't actually have any immediate family."

Sarah:

So Chan doesn't have any next of kin. How does estate planning differ for someone in this position?

Wyeth:

So it's different in that they have different choices and different priorities as they plan for how their assets are going to be distributed. So, in one sense, there's more freedom because there's no definitive beneficiary to whom they might feel obligated to pass their assets. But on the other side of the same coin, people in this situation have to get a little bit more creative and intentional about the legacy that they leave and who's going to receive their assets because there are no family members who might otherwise be that obvious choice.

Sarah:

So it seems like there's a real opportunity here for Chan to create a legacy for his favorite organizations or charities or close friends.

Wyeth:

Absolutely. And that is the value of getting ahead of the estate planning process and figuring out what those organizations and what those causes are, for him to create that legacy that he wants to leave. -Because of the situation, he has complete freedom for how he wants to transfer his wealth, so I would encourage Chan to consider organizations such as charities and educational institutions that he's passionate about and would like to enhance. And also there may be individuals such as close friends that he might want to honor with a portion of his estate.

Sarah:

Now Wyeth, I'm curious: so there are undoubtedly plenty of people who *have* next of kin, but may not want those individuals to receive any portion of their estate. For example, maybe they don't trust their kids to behave responsibly. Does that same advice apply in situations like these?

Wyeth:

The same advice does apply, in that these individuals may have to be more thoughtful and creative in their choices as well. So unless an asset passes by law to a family member, such as joint tenancy with rights of survivorship for a married couple or something of that nature, people in these situations, could choose to pass their assets to non-family members. Or if they're worried just about the responsibility of a family member, they could create an estate



plan with very specific parameters around how and when assets are accessible to the heirs, such as for health, education, maintenance, support, things of that nature.

Sarah:

Okay. So would you say that estate planning is even *more* important for people who don't have a next of kin, or who have very strong feelings about who should benefit from their estate?

Wyeth:

In many respects, yes. Estate planning is critical for ensuring that they leave the legacy that they hope to leave. With no estate plan in place, the decision around distribution of assets would be left to the state's probate process, which could result in a very different outcome than they may want. Fortunately, for people in situations like Chan's, there are many skilled and knowledgeable estate planning attorneys and advisors that can help them to establish a plan for transferring his assets in a manner that is aligned with his goals.

Sarah:

Great. Let's take a listen to the next portion of Chan's story.

Chan:

"One might assume that my business is my number one concern, but it's not. I have an offer on the table for whenever I am ready to sell, so succession planning isn't a concern of mine. It's everything else. Obviously, money, stocks, and real estate are a big thing. But I am also an avid collector of antiques and classic cars. While I am fully aware that I can't take it all with me when I am gone, the idea that everything could go into the state's coffers is a hard pill to swallow."

Sarah:

So Chan mentions that business succession planning isn't a concern of his, but should it be?

Wyeth:

So in Chan's case, I do think that he should be careful about assuming that his business is going to sell at the exact price and the exact time that he's expecting. A sale could fall through. There could be changes in the market, or any number of factors that could cause the sale to not go through in the way that he wants. I would recommend that he works with a financial advisor to run scenarios. Kind of a best case, worst case sale kind of projections, especially considering the sale of the business and the proceeds that he receives are needed to fund his lifestyle and gifting goals. Again, there's many experienced professionals in the field of business transition that he can reach out to for guidance in that manner.

Sarah:



And so what happens if Chan were to pass before he sells his business? Is there a risk if he doesn't have his affairs in order?

Wyeth:

It depends on the type of business entity and there's an operating agreement with most businesses that address what happens if the person who owns the business passes. With no plan in place, often there would be just a disillusion of the business assets. They would be liquidated to pay off any outstanding liabilities and then anything that remains after that would be distributed in accordance either with a will, if he had a will in place or by the probate process. Of course, if there's any business partner there's numerous other options for transitioning the business to a surviving partner.

Sarah:

What happens if - and sorry if I'm going into a rabbit hole here, but I'm curious. What happens if he dies and he doesn't have a will determining who gets his assets? Would the state keep that?

Wyeth:

The state would determine first any outstanding liabilities — the assets would be used to cover those expenses, but if there is no one listed in the will, then yes, those would just go to the state.

Sarah:

Wow. Okay. So it sounds like perhaps Chan isn't thinking about the fact that if something happens to him *before* his business is sold, everything he's built could go to "into the state's coffers", as he put it.

Now Wyeth, let's back up a bit and talk about tangible assets. Chan says he's an avid collector of cars and antiques. So, what's the best way for him to ensure these items don't wind up in the state's possession?

Wyeth:

Tangible assets like cars and jewelry and antiques and things of that nature are very often donated to charitable organizations, just like money and stock can be. There are different rules around the process and tax benefits, such as the amount of charitable deductions, all depending on what type of asset is donated and the type of charity. We do recommend working with an estate planning attorney to determine how to distribute those assets, but also tangible assets, he might want to consider gifting outright to an individual like a friend or someone who's close to him, because these might be more sentimental, or he could even get



creative with maybe a classic car museum for his antique cars or something of that nature. So there's also options there with the tangible assets.

Sarah:

Do you see this as an opportunity for someone like Chan to create a real legacy for a cause or organization that he values?

Wyeth:

Yes, absolutely. I mean, that's kind of the idea of putting the estate plan in place is allowing him to make the decisions around how to distribute his assets and really whether it's his church and his faith organization or again, any charitable organization that he feels passionate about. That is the value of getting on top of this and working with your financial and estate planning team to just make sure that your assets are enhancing the causes and the activities that you find valuable and that you think make the world a better place. Absolutely.

Sarah:

I love that. So what about smaller things, like items of sentimental value? What's the best way for Chan to ensure those are handled appropriately?

Wyeth:

Anything that's particularly valuable should be expressly named in the will to ensure that it's given to the person that he wants it to go to. All of the miscellaneous items, he could also make specific bequests with those. If there is a trust, this can be done pretty easily with what's called a pour-over will. A pour-over will can be established to move anything that he didn't already title in the name of the trust during his life. That's why it's called a pour over will - it can be transferred at his passing. So that's another option for all the kind of miscellaneous items that aren't specifically named in the will.

Sarah:

So would that be, for example, you named someone who can have everything in your home?

Wyeth:

Yes. You could name particular items. A lot of people write a name of an individual who they want it to go to in their will. As you mentioned, they could say, "Everything in this room or in my home would go to X individual."

Sarah:

OK. Let's take a listen to more of Chan's story and see what else is on his mind.

Chan:



“Lately, I have been thinking a lot about my parents, and how much time I spent towards the end of their lives overseeing healthcare decisions, making sure their wishes were followed, etcetera. And of course, funeral planning. When it comes to things of that nature, I am not entirely sure who I should even appoint — or if I even have any options on that front. Who can I trust to make these decisions on my behalf?”

Sarah:

So Wyeth, in episode 19 of our podcast you walked us through the essential components of an estate plan and one component you mentioned was power of attorney. Now, for those who haven't yet had a chance to listen to that episode, could you explain what power of attorney is and why it's important, particularly in situations like this one?

Wyeth:

Right, so, there's the financial power of attorney and a healthcare power of attorney. These are very important because they name individuals who will make financial and medical decisions on one's behalf, if the person becomes incapacitated and these are particularly important for someone with no blood relatives, no next of kin, who would typically be the ones that would help provide direction on the person's behalf. So these are important because he doesn't have that person who might step in and speak to the doctor, and speak to the nurses, and speak to the financial institutions. Another key document that he would want to have in place as well is called an advanced healthcare directive. It's also known as a living will. And a living will provides written instruction to the medical team, the doctors and the nurses, as to his preferences for medical treatment. Even decisions regarding life support and pain management, things of that nature. So those are all very important estate planning documents that he would want to have in place.

Sarah:

Now are these three different documents with different designated powers of attorney? And how do you set them up?

Wyeth:

Those are all three separate documents. And you would work with your estate planning attorney and they would help you write those up. They would provide the paperwork and provide the oversight in getting those signatures from you and kind of making sure that it states your wishes in terms of who fulfills those roles.

Sarah:

Okay. So are there any other documents someone in Chan's situation should focus on?

Wyeth:



The key basic estate planning documents, a will, a last will and testament, he would want to make sure that he has, and if there's any trust that he would be establishing depending on his circumstances, those would also be something that he needs to establish with his estate planning team.

Sarah:

Okay. So it sounds like Chan doesn't have anyone with whom he feels really comfortable making healthcare decisions on his behalf. What are his options in that scenario?

Wyeth:

He has many options in this regard. He could consider naming a trusted friend, maybe it's a member of the church that he's involved with, his faith community. It's best if the person has a general understanding of financial and healthcare matters and who you believe will make prudent decisions. So he has really many options in terms of who he chooses. He just needs to make sure that he has the conversation with these people to see if, hey, are they fit for the role? Do they want to take on this responsibility? And does he feel comfortable with this person taking this role. And it's also recommended that you have someone in place that could back them up if that person is unable or unwilling to take on the responsibility.

Sarah:

So Chan also mentioned funeral planning. Is there anything he can do to ensure that when the time comes his wishes are carried out?

Wyeth:

Absolutely. There's many resources available to assist him in carrying out his wishes. It's not out of the ordinary for someone, whether it's in Chan's situation or someone with close relatives, to go ahead and take care of these independently and cover the expenses ahead of time and all that. Many States allow people to include the specifics around their funeral services in their healthcare directive, their living will, like we discussed earlier. He could also work with a funeral home director, he could work with his church. He could work with individuals. He could kind of get ahead of the game by working on his ideas of what his service looks like. Is it a traditional burial? Is it a cremation? Is he going to have an obituary? Things of that nature. So it's not abnormal for an individual to work on these without their close relatives. There's many resources that he has available to address these issues.

Sarah:

Okay. And should he have all of that paid for in advance?

Wyeth:



Yes. Typically, you would., He could pay for all those services ahead of time and just have those expenses covered if he got ill or became incapacitated.

Sarah:

Okay. So let's listen to the last part of Chan's story.

Chan:

"I don't regret any of the decisions I have made in my lifetime. Ming, my wife, was it for me, and I couldn't have started a family with anyone else but her. I can confidently say that I have had a full life. However, I do realize that I am going to take some additional steps when it comes to estate planning, but I am not quite sure where to begin."

Sarah:

So, Wyeth, what advice would you offer Chan, or someone in his position, about where to begin with estate planning when you don't have an obvious next of kin?

Wyeth:

Yeah, so I think a good place to start is simply by beginning to think through what's important to him, which organizations, what charities, causes, individuals, that he cares about and how he would like to allocate his assets in support of these. And also to begin considering individuals that he thinks are fit for the responsibility to name as power of attorney, healthcare and financial. Next, I would recommend that he begin working with his financial advisor and an estate planning team, to begin building out specifics around his estate plan, getting the documents taken care of, completed, signed off, and just to ensure that it's in writing that his goals are fulfilled.

Sarah:

Okay. So, Wyeth, at the end of each episode, as you know, we like to ask for some key takeaways, some insights people can share with their friends. What are the key takeaways you'd like to share with our listeners about estate planning in these kinds of situations?

Wyeth:

Number one, just know that even those individuals who don't have blood relatives, there are many organizations and individuals and institutions that are available to provide support and to help you ensure that you leave the legacy that's important to you. The next one is that it's recommended to work, again, with a team of professionals, to help decide on how and when to begin the distribution of your assets. Not everything has to wait until you pass. And, in fact, there's many personal and financial benefits to consider making gifts, during your lifetime. Finally, a reminder to revisit your estate plan periodically, is important. If a friend that you had named as a power of attorney is no longer in your life, you would, of course, need to amend



your plan and name a new person for this role, or if you've had some changes around the organizations that you'd like to support. So it's recommended to review and update your estate plan at least every three years.

Sarah:

Terrific. Well, this has all been great advice. Wyeth, thank you so much for spending some time with us today.

Wyeth:

Very happy to be with you.

Sarah:

And thank *you* for listening. Be sure to check out Episode 19 of Regions Wealth Podcast to hear more from Wyeth Greene about the basics of estate planning — he provides some *great* tips for adult children who are struggling to discuss estate planning with their parents. Visit regions.com/wealthpodcast to listen to this episode, and explore even more episodes covering a wide range of financial topics.

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