



Enterprising Rural Families™

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This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of University of Wyoming Extension. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

WHY HIRE MORE EMPLOYEES?

Labor intensive businesses may need the availability of more labor to be successful. However, many family managers are reluctant to bring employees into the operation. Adding or increasing employees adds responsibility and paperwork.

But what are some of the advantages of adding employees? You may:

- Use capital and overhead more fully
- Procure expertise needed for new technology or new enterprises
- Improve product quality and timeliness of operations
- Reallocate more of owner's or general manager's time to marketing, input sourcing, financial and industry functions
- Reduce personal stress and pressures on current staff
- Create more opportunities for business growth and personal growth of current staff
- Reduce risky behavior and dangerous conditions in the work environment
- Free some of owner's or manager's time for leisure, health, social and family activities.

Regardless of why hired help is needed, managing people up and down the line in the business is worth doing well.

Keeping Estate Plans Up to Date

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In my work with Extension, I've seen all manner of accidental estate planning mistakes. For instance, the fellow who realized six years after his divorce that his former wife was still listed as the beneficiary of his life insurance policy. Or the family that settled their father's estate and then several years later Mom decided to sell Dad's pickup truck. While cleaning it out they found a life insurance policy in the glovebox that no one knew about.

Accidental Estate Planning

These are the sort of errors and omissions that accumulate over time as we go about our lives. Things change, but we don't think to think through the implications of not updating important paperwork or putting papers where they can be found (let alone telling people that we've engaged in some significant estate planning).

Good estate planning covers the continuing financial security of yourself, survivors after your death and loved ones. It begins when you first own property and continues and changes through life's events.

A Guideline

If your life has changed significantly since you drew up your will or other documents, then it is a good time to revisit your estate plan. In fact, even if your life hasn't changed, the lives of the people affected by your estate plan may have changed. So a worthwhile guideline to follow is to review your plan every five to seven years, or after a significant change in your life.

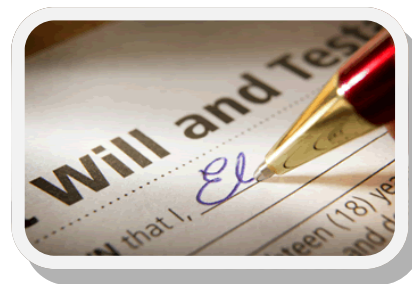
Events that would cause you to want to update your estate plan and your will would be any changes in

- Your family circumstances (e.g., deaths, divorces, births, injuries, health concerns, retirements, etc.),
- Your family's goals or needs,
- Where you reside,
- The resources or assets you control or own,
- Named guardians, executors, or trustees named in the will (or in current *intervivos* trusts),
- The attorney who prepared your will and keeps your will (death, retirement, etc), and
- The applicable law (e.g., tax, probate, trust, health care directives, etc.).

Changes to be Made

If there are changes, you will want to review your will and other documents with your attorney or tax accountant and update it along with your other estate planning documents. Specifically you may need to

- Add or subtract heirs or beneficiaries.
- Adjust individual bequests.
- Revise a will to reflect shifts in federal and state estate tax laws.
- Insert language relating to new or existing trusts.
- Update names and addresses of the guardians you've asked to take responsibility for your minor children.



If you update your will, make sure the executor named in the will has a copy of the latest version, and keep the will in a safe, but accessible, place. The same with insurance policies like life insurance. Even health care documents (like long term care insurance or powers of attorney for health care) need to be updated and the relevant people informed or consulted about the changes. With a will, remember that using a safety deposit box to store the document can be problematic because it could be sealed upon your death.

At the same time that you revise your estate plan you will also want to update any summary of your estate (such as a listing of important documents or a personal net worth statement) or the documents themselves, including those in the checklist below.

Important Information to Update

Insurance

- Life insurance:** company and policy, policy number, face value and supplemental values, cash value and any outstanding policy loan, exact name of owner, name of insured, beneficiary

Financial Information: Assets

- Checking and savings accounts:** name of institution and location, exact names on accounts, amounts, how titled on signature card, number of each account.
- Personal property:** motor and recreational vehicles, machinery, livestock, crop inventory, home furnishings, jewelry, art, antiques, personal items. Provide a description that includes cost, value, ownership and how it is titled.
- Business property:** buildings and improvements; machinery and equipment; livestock; feed, grain and supplies; operating capital
- Notes, mortgages, and other accounts receivable:** description, year acquired, value, person who owes you, repayment plan
- Stocks, bonds and other securities:** description, purchase date and price, exact name of owner, face value.
- Real estate:** type and size of property and size, location and description, year acquired, cost, market value, title holder's name
- Trusts:** type, location, trustee, who established, exact name of beneficiary, value of trust
- Retirement plans:** pensions, profit sharing, deferred compensation, IRA, Social Security, annual benefits for husband and wife, amount invested, death benefits

Financial Information: Liabilities

- Mortgages and other real estate debts:** description, name of creditor, date due and amount remaining to be paid, whether debt is an individual or joint responsibility, whether insured
- Liens against personal property (i.e. vehicle or machinery loans):** description, name of creditor, date due, remaining amount to be paid, whether debt is an individual or joint responsibility, whether insured

Financial Information: Other

- Records of taxable gifts

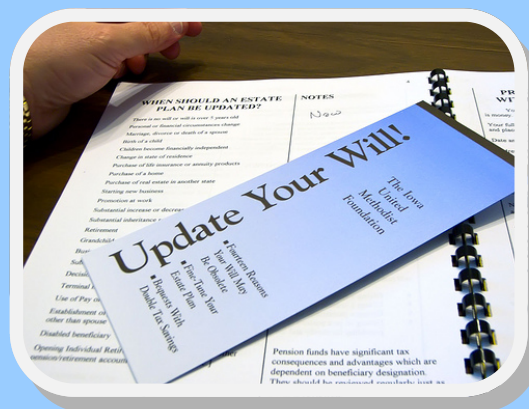
Other Documents

- Will
- Powers of attorney for finance
- Advance care directives
- Transfer of non-titled property

Information to collect and share

These are not relevant in revising a will and an estate plan in general, but may be crucial (and unavailable) as people get older and move.

- Location of will
- The location of health insurance records
- Long-term care insurance documents, drug needs (and allergies)
- Names of doctors
- Social security numbers
- Veteran records
- Contact information for next of kin and decision makers



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