

# MONEYWISE

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## TRANSFERRING CHERISHED POSSESSIONS ESTATE PLANNING TIPS FOR NON-TITLED PROPERTY

Estate planning can be a complicated process, especially when considering how to transfer personal property to people who will want and care for it after your death. The task of sorting through a lifetime of belongings can be overwhelming. It's natural to feel a range of emotions or to procrastinate on the task to protect yourself from feelings that may surface. You also may be worried about treating all heirs fairly and not hurting anyone's feelings as you make difficult decisions. Consider the tips below to help you begin estate planning for your non-titled property.

### LEGAL CONSIDERATIONS

Creating a plan for your possessions is important from a legal standpoint. You may have started labeling items around your house, perhaps with sticky notes or by keeping a running list in a notepad. While these methods may help you think through a distribution plan, they are not legally binding. Experts recommend consulting with a trusted estate planner or attorney. They can help you navigate this complicated process, including what constitutes a legal will in Kentucky, how to manage estate taxes, and the responsibilities of an executor. Also, they can help you understand what happens to your estate if you die without a will under Kentucky state law.



### UNDERSTANDING YOUR "ESTATE"

After your death, the **full contents** of your estate must be distributed. This includes all the items you cherished within it (*and even some you didn't cherish*) from closets to cupboards, attics to basements, clothes to clutter, furniture to knickknacks. Your estate contains your titled property (like your home, land, or car), but it also includes **everything** you owned within your property. This may encompass many cherished possessions like family heirlooms, jewelry, collectibles, or things that held sentimental significance. But it will also include a bunch of other "stuff" like boxes in the garage that have been collecting dust for decades, the random items in your "junk" drawer, or the pileup of "things" outside in the barn. Quite simply, your estate is everything you own. *Everything.*



## YOUR PLAN SHOULD CONTAIN FOUR COLUMNS: POSSESSION, RECIPIENT, REASON, AND DISTRIBUTION METHOD



### ASSET DISTRIBUTION PLAN

When deciding “who gets what” in your estate, one way to simplify the process is to create an *asset distribution plan* or list that details how the items in your home will be distributed and disposed of upon your death. Your plan should contain four columns: Possession, Recipient, Reason, and Distribution Method.

To begin, select one room in your home to “inventory,” jotting down notes as you go. In the **Possession** column, list each item or group of items you find. In the next column, indicate the **Recipient** you want to receive that belonging. It can be a specific person, like a loved one, or it can be an organization, like a donation center. In the **Reason** column, note why the item is or is not special, as well as why you’ve selected that recipient. Finally, select a **Distribution Method**, such as gift, sell, or donate.

### LETTER OF LAST INSTRUCTIONS

Consider attaching a *Letter of Last Instructions* to your will. This is an informal letter providing instructions to your family, executor, or attorney about your final wishes for the settlement of your estate upon your death. You can use this letter to let your heirs know the location of important documents like your insurance policies, will, or bank

documents; instructions for funeral arrangements; and your asset distribution plan. After completing a Letter of Last Instructions, be sure your executor has a copy or knows where to locate it quickly. If your letter includes time-sensitive items like funeral arrangements, you’ll want them to have access to your wishes immediately after your death.

### TRANSFERRING CHERISHED POSSESSIONS CURRICULUM

For more information on estate planning for non-titled property, contact your county Cooperative Extension office. Ask your FCS agent about the free four-lesson curriculum, *Transferring Cherished Possessions*, developed by Kentucky Family and Consumer Sciences Extension. Topics include tips on getting started, ways to determine fair value and process, how to decide who gets what, different methods of asset distribution, and communicating without conflict.

### ADDITIONAL RESOURCES:

*Estate Planning Part 5: Wills and Probate in Kentucky.* <http://www2.ca.uky.edu/agc/pubs/FCS5/FCS5425/FCS5425.pdf>

*Estate Planning Part 7: Federal and State Estate Taxes.* <http://www2.ca.uky.edu/agc/pubs/FCS5/FCS5427/FCS5427.pdf>

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