

Clarity Counts: A Letter of Instruction can be a Valuable Addition to your Estate Plan

Most people understand the importance of having a valid will as part of their estate plans. A will helps ensure that your assets are distributed according to your wishes and can provide important legal guidance for your loved ones after your death. However, there's another estate planning document that's sometimes overlooked yet can be extremely beneficial: a letter of instruction.

Key information to include

A letter of instruction is a personal document that accompanies your estate plan. It serves as a practical guide that can help your family members, executors and other trusted individuals understand your wishes and manage important details during a difficult time.

Unlike a will, it's generally not a legally binding document: It doesn't replace a will, trust or other legally enforceable estate planning documents. Thus, your letter can't direct the distribution of assets or override provisions in your will.

One of the greatest benefits of a letter of instruction is that it allows you to communicate information that may not belong in a will or other legal documents. For example, the letter can detail vital financial information that has been omitted or glossed over in the will. Typically, this will include an inventory of real estate holdings, investment accounts, bank accounts, retirement plan accounts and IRAs, life insurance policies, and other financial assets.

Along with the account numbers, list the locations of the documents, such as a safe deposit box or file cabinet. And don't forget to provide the contact information for your estate planning team. Typically, this will include your attorney, CPA, investment advisor and life insurance agent. These professionals can assist your family during the aftermath.

Make it personal

A letter of instruction can also help reduce confusion and stress for your family. While a will may specify who inherits certain assets, it often doesn't explain the reasoning behind those decisions or address personal matters. A letter gives you an opportunity to share your thoughts, explain special family considerations or express personal wishes that may help your loved ones better understand your intentions.

In addition, the letter can address practical matters that aren't typically covered by legal estate planning documents. You may wish to include information about:

- Funeral or memorial service preferences,
- Contact information for professional advisors,
- Care instructions for pets,
- Guidance regarding family heirlooms or sentimental items, and
- Personal messages to family members.

Because a letter of instruction is generally not subject to the same legal requirements as a will, it can be updated more easily as circumstances change. For example, if you open new financial accounts, change advisors or update your digital assets, you can revise the letter without

necessarily needing to amend your will. Of course, it's important to ensure that your estate planning documents remain consistent and work together effectively.

Put pen to paper

A letter of intentions' value lies in helping your loved ones understand your wishes and navigate practical matters that legal documents may not fully address. If you haven't done so already, draft a letter of instruction and, most important, make sure that others know where and how to locate it. Your attorney or estate planning advisor can help fill in the blanks if you need help.