

Letters of Intent:

Why Your Estate Plan Needs One



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We spend our lifetime building assets that ultimately tell our story. The things we cherish, from family photographs to an art collection, can have value far beyond their monetary worth. They are statements about our values, who we are, and even where we came from.

For those reasons, it is important in estate planning to establish a letter of intent. In the business world, a letter of intent is a document that outlines the responsibilities of each party when they enter an agreement on a project.

In the estate planning world, a letter of intent or, sometimes referred to as a “letter of wishes” works differently. Think of a letter of intent as a personal letter to your loved ones that expresses who should receive your most precious belongings, why, and even how the assets should be treated. This is a non-binding, private letter that can be included in your estate planning documents that allows you to speak directly, in your own voice, about why particular assets are meaningful, your hope for where they end up, your philosophy about the responsibilities of wealth, and any other requests to your beneficiaries.

It is important to note that a letter of intent is much different from your Last Will and Testament. As stated, a letter of intent is not legally binding. It does not override the Will or even replace it. Instead, the letter of intent is informal and personal and may focus on the more important pieces of personal property or heirlooms.

Here are four reasons why a letter of intent is important, and why you should consider working with your estate planning advisor to draft one to include in your estate plan.

1

Final Gesture

Other documents in your estate plan tend to be legal and formal. A letter of intent is deeply personal. Consider it a collection of your final thoughts to loved ones.

2

Privacy

A letter of intent is not a public court document, so you are guaranteed that the only eyes who will see it are you and your beneficiaries. For that reason alone, you are free to express emotions and reveal details that are private and only intended for those within your inner circle.

3

Guidance

A Will may give you the opportunity to bequeath an asset to a specific family member or friend, but a letter of intent gives you the opportunity to give him or her guidance on what to do with that asset. A letter of intent can also provide guardrails related to your wishes over the new ownership. You can also express why it's important for them to follow a certain path. Either way, the letter will help give the beneficiary direction that is in sync with you and your philosophy.

4

Flexibility

An estate plan can involve a lot of effort and time to create, and more effort, time — and money — to change if needed. Because an attorney is not needed for writing a letter of intent, it is far easier to tweak your letter of intent anytime you wish. This should give you peace of mind that your final thought doesn't have to be your final thought.



How Cerity Partners Can Help

At Cerity Partners, we take estate planning seriously. We understand the sensitivity involved in crafting how your legacy should be treated after you are gone. A letter of intent can be part of that planning. The transition of assets from one generation to the next is easier when the beneficiaries understand their personal value to the earlier generation. We can provide guidance in that transition so you feel comfortable in making sure your voice is heard at a time it's needed most.

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