

I have here a copy of my will. The original is in a safe deposit box at my bank. I also have copies of my revocable living trust, my power of attorney for property, and my advance health care directive. What do each of these documents do, and which of them do you need?

Let's start with the advance health care directive. Who needs an advance health care directive? Every adult, your advance health care directive lets your physician, family, and friends know what health care treatments you want in a situation in which you are unable to communicate. What life-sustaining medical treatments do you want if you're permanently unconscious or terminally ill? Do you want to donate your organs after you die to someone whose life they may save? This is your opportunity to speak up about the care you want, just in case you aren't able to communicate when decisions are being made.

The advance directive is for when you can't make your own decisions. As long as you can communicate and aren't incapacitated, you will always be able to make your own health care decisions. You get an advance directive for your benefit, but you also get it for your family. Tell your family what you want now. Spare them from arguing and agonizing later about what interventions you would want. Even young, healthy people have life-threatening accidents or illnesses, so no matter how old you are, get an advance directive. Though advance directives vary somewhat from state to state, most have two basic parts.

The first part is that you appoint a health care agent, also known as a health care proxy or an agent under a power of attorney for health care. You authorize this person to make decisions about your health care when your primary doctor determines that you lack the ability to understand the nature and consequences of your health care decisions or the ability to make and communicate your health care decisions.

The second part of your advance directive is your individual instructions, also known as your living will. Here, you state your wishes about health care and in some states about organ donation. So if you are stating your wishes in your living will, why do you need a health care agent? Because the living will isn't going to cover every circumstance. Someone may have to fill in the gaps. Don't you want to choose that person yourself? Usually, people choose a spouse or a close relative. Discuss your wishes with this person, and make sure that she or he agrees to take on this responsibility. If possible, choose someone who can advocate for you with doctors. Make sure that your health care agent has one of your original advance directives. Also keep an original directive for yourself in a safe place, and let your family members know where it is. It's important to have your advance directive in your medical records, so give an original to your primary care physician.

The courseware has a link to a website where you can download advance directives and instructions for every state.

Next up, wills-- so who needs a will? Well, the simple answer is every adult. However, if you're still in school, you don't own much, and you don't have children, a will is still optional. But the rest of us need a will. A will allows you to decide who gets your possessions and assets when you die. It also allows you to nominate a guardian for your minor children and to direct that some or all of your assets be held in trust for your beneficiaries. If you don't have a will, the laws of your state or the states in which you own property are going to determine who gets what. State laws vary and can be confusing. So if you care about who gets what and who will be caring for your children, get a will.

If you want to make life much easier for your family, consider putting your house and other significant assets into a revocable living trust. A revocable living trust makes management of your assets easier if you become incapacitated, and it avoids having your assets go through probate after you die. Probate is a court proceeding that validates your will and transfers title to your assets. In many states, probate is an expensive and time-consuming process. A revocable living trust is an agreement under which the trustee-- that's you-- control and manage most of your assets. You transfer legal ownership of your property to the trust. You decide how the assets of the trust are to be distributed. You decide who will become the successor trustee. That is the person responsible for administering the trust when you become incapacitated or die. The trust is revocable. That means you can change it whenever you like. Its purpose is to smoothly transfer your property to your beneficiaries when you die while avoiding the cost and delays of probate. A revocable living trust is likely to cost you several hundred dollars to set up, but if you own your own home or substantial other assets, it could save your family much more than it costs.

Finally, you should also consider authorizing someone to make financial decisions for you. You do this with a power of attorney relating to property. This is a good thing to have in place in case you become incapacitated. Whoever has the power of attorney relating to property will be able to engage in financial transactions such as selling property or stocks, opening or closing bank accounts, and buying or canceling insurance policies on your behalf, so pick someone who you trust to make good decisions for you.