A RETIREMENT INSTITUTE GUIDE

Estate Planning: *Why a Legacy Matters*

Your legacy is more than your money. Maximize the impact you make during your life — and for those you leave behind.

WELCOME

Knowledge first. Always.

The Retirement Institute exists to help Americans approaching and living in retirement make clear, confident, well-informed financial decisions — without the pressure of a sales pitch.

This is the first guide in our Estate Planning Series, part of a growing library of educational resources built to put real knowledge — and real control — back in your hands.

Most estate planning focuses on one question: who gets what. That question matters, and this series will help you answer it well. But it is only half of the story. The other half — the half most plans overlook — is the part of you that no document is required to carry: your values, your wisdom, your story.

This first guide is about seeing both halves clearly. Because the estate you transfer and the legacy you leave are not the same thing — and your family will treasure one of them far longer than the other.

> **BEFORE YOU BEGIN**
> This guide is for general education only. It is not personalized legal, tax, or financial advice, and no attorney-client or advisor-client relationship is created by reading it. Estate-planning documents and rules vary by state. Please consult a licensed estate-planning attorney and qualified tax professional before acting. (Full disclosures appear at the end.)

INTRODUCTION

You will leave behind *two estates*

When we hear the word "estate," we picture things: the house, the accounts, the belongings collected over a lifetime. That is your estate — and planning for its orderly transfer is real, important work.

But it is only half of what you pass on. The other half is your **legacy**: the impact you make during your life and after it — your values, your beliefs, your perspective, and the hard-won wisdom you've gathered along the way. You cannot put a dollar figure on those things. Yet ask anyone who has lost a parent or grandparent what they treasure most, and it is almost never the money.

Estate planning, done fully, tends to *both*: the documents that pass on what you *have*, and the intention that passes on who you *are*. One without the other leaves the job half-finished.

> Your heirs will remember how you made them feel and what you taught them long after the last account is settled. This guide helps you plan for both estates — the one measured in dollars, and the one measured in meaning.

NUMBER 1

Your estate: what you leave *behind*

01

Your estate is everything you own — your home, savings and investments, retirement accounts, insurance, business interests, and personal property. The job of the legal side of estate planning is to move all of it to the right people, at the right time, with the least possible friction, tax, and conflict — and to speak for you if you can no longer speak for yourself.

A sound plan usually relies on a handful of core instruments:

- **Last Will & Testament** — directs who receives what, and names guardians for minor children.
- **Revocable Living Trust** — can avoid probate, keep your affairs private, and manage assets if you become incapacitated.
- **Durable Power of Attorney (financial)** — lets someone you trust manage your finances if you cannot.
- **Advance Health Care Directive & Health Care Power of Attorney** (with HIPAA authorization) — states your medical wishes and names who may speak for you.
- **Beneficiary designations** — on retirement accounts and life insurance; these pass *outside* the will and override it, so keep them current.
- **Guardianship designations** for dependents, and — where needed — a **special needs trust** and a **letter of instruction**.

> *These documents are essential — but every one of them divides your estate. Not one of them says a word about the person who built it.*

NUMBER 2

Your legacy: what you leave *within*

02

Beyond the tangible estate lies what we might call your **intangible estate** — your **legacy capital**. It is made of your values, beliefs, and perspective; your faith and character; the stories only you can tell; and the wisdom a lifetime taught you. It resists a price tag — but its worth is immense, and arguably greater than anything in the financial column.

Here is why. Money is spent; values are lived. An inheritance can be gone within a generation, but a principle, a story, or a piece of hard-earned wisdom can shape a family for generations. What you leave *to* your heirs eventually runs out. What you leave *in* them does not.

There is an old and beautiful tradition for passing this on: the **ethical will**, sometimes called a **legacy letter**. Unlike a legal will, it transfers no property. It transfers meaning — lessons, blessings, hopes, gratitude, even apologies, and the "why" behind how you chose to live. It is centuries old, requires no lawyer, and asks nothing but honesty.

> *You will be remembered less for what you left your family, and more for what you left inside them.*

NUMBER 3

Chronicling what matters *most*

03

The encouraging truth is that your intangible legacy can be captured — if you are intentional about it. It rarely happens by accident. A few meaningful ways to begin:

- **Write an ethical will or legacy letter.** Put your values, your lessons, and your hopes for those you love on paper, in your own words.
- **Record your stories.** A simple video or audio "oral history" of your voice telling the family stories is a gift your grandchildren will replay for decades.
- **Write letters for milestones.** A note to be opened at a graduation, a wedding, or the birth of a child lets you be present for moments you may not see.
- **Document the family history.** Names, places, traditions, recipes, and the meaning behind the heirlooms — so cherished objects don't become mysteries.
- **Pair a letter of instruction with your legal papers** — practical guidance and a few personal words together in one place.

We pour enormous effort into deciding *who receives the financial assets*, and almost none into deciding how to pass on everything else. Chronicle far more than the division of your accounts. The values and the stories are the part your family can never replace.

> *The will divides the estate. The chronicle passes on the life.*

IN PRACTICE

Two *inheritances*

Two siblings sit down to settle a parent's estate. The paperwork is in good order — the trust does its job, the accounts transfer cleanly, the wishes are clear. And that matters enormously; it spares them a painful, expensive, drawn-out mess at the worst possible time.

ILLUSTRATIVE

But months later, what they find themselves returning to isn't the balance sheet. It's the letter their mother left — a few pages, in her own handwriting, about what she believed, what she hoped for them, the mistakes she wanted them to skip, and how deeply proud of them she was. And the single hour of video where she told the old family stories, laughing at the punchlines she'd told a hundred times.

The money helped them. The letter and the stories are what they will one day hand to their own children.

> *A well-drafted trust protects an inheritance. A well-told story becomes one.*

THE BOTTOM LINE

What you leave to them — and what you leave *in* them

Estate planning is often treated as a task of division: who gets the house, the accounts, the things. That work is real, and worth doing well. But the fuller opportunity is to pass on *both* estates — the tangible and the intangible.

Put the legal documents in place, so your wishes are honored and your family is spared confusion and cost. Then go further: chronicle the values, the wisdom, and the stories that no document is required to carry — precisely because those are what your family will hold onto longest, and pass on in turn.

TWO HONEST QUESTIONS WORTH SITTING WITH

- *If your estate transferred tomorrow, would your family know not just what you owned, but what you believed, and why?*
- *Have you written down, or recorded, even one piece of the wisdom or story you'd most want to outlive you?*

This guide pairs naturally with its companion, *Estate Planning Basics: Wills & Trusts*, which walks through the documents themselves. Both are worth a conversation — with your family, and with a qualified estate-planning professional.

About The Retirement Institute

The Retirement Institute is a non-profit dedicated to financial education for Americans approaching and living in retirement. We publish clear, unbiased guides on the decisions that matter most — taxes, income, healthcare costs, and legacy — so that families can act from knowledge rather than fear. We don't sell products. We teach.

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This educational guide is shared with the compliments of an independent financial professional.

IMPORTANT DISCLOSURES

This guide is provided by The Retirement Institute for general educational purposes only. It does not constitute, and should not be relied upon as, personalized legal, tax, insurance, or financial advice, and it does not create any attorney-client, advisor-client, or fiduciary relationship. The example shown is hypothetical, simplified for illustration, and does not depict any specific individual.

Estate-planning documents — including wills, trusts, powers of attorney, and advance health care directives — are governed by state law, and their names, requirements, and effects vary by state. Beneficiary designations generally control the disposition of the accounts they cover regardless of will or trust provisions. Consult a licensed estate-planning attorney and a qualified tax professional to design and execute documents appropriate to your situation.

An "ethical will" or "legacy letter" is a personal, non-binding document intended to share values and sentiments; it is **not** a legal instrument and is not a substitute for a validly executed will, trust, or other estate-planning document.