

Has Your Estate Plan Aged as Gracefully as You?

If more than a few years have passed since you created your will or trust, changes in circumstances might dictate a change in plan



Ron Adams

In a perfect world, you could create an estate plan and be done with it, putting it on the shelf and then waiting for it to do its thing. But, alas, even in a perfect world, things would change – and it is that rascally “change” that makes regular, periodic reviews of your will, trust and other estate planning documents such a good idea.

You can wait for your estate planning attorney to call you for a review, but the better approach is to schedule a meeting with yourself once every two or three years to look over your documents and consider whether, against the backdrop of a constantly changing world, everything looks as ship-shape as when you set up your plan.

As you go through your review, be alert to the impact of “triggering events” that might call for an estate plan update or makeover.

The Tax Laws Have Changed. Under the current tax law, the gift and estate tax exemption is \$5.25 million per person. If the pages of your will or trust are starting to yellow, the exemption amount that was in effect when you made your plan may differ sharply from the current level.

Your Ship Is Coming In. If you anticipate a big investment pay-off, the purchase or sale of a business, a sharp increase in business profits and/or value, a generous inheritance or winning the Powerball, think about redirecting some of your impending fortune to kids, grandkids, charities, etc.

Your Ship Came In. Ditto if the value of your estate has significantly increased since you created your plan.

Your Ship Sailed. If your estate plan was created in 2008 or before – i.e., prior to the Great Recession – the value and makeup of your estate may look a lot different now than then. Even though things are looking rosier now, you may still be able to take advantage of depressed asset values and low (but climbing) interest rates in making lifetime transfers, whether through gifts or intra-family transactions.

You’ve Become Self-Employed. If you have transitioned from employment to business ownership, planning for succession, asset protection and other objectives are important issues that didn’t exist then.

Your Marital Status Changed. Marriage, divorce, separation or the death of a spouse has a huge impact on the effectiveness of your will or living trust and on your wishes for how and to whom your assets are to be distributed. Also affected are retirement assets, life insurance and jointly titled bank accounts, brokerage accounts and real estate.

You’ve Become a Parent. For many people, this is the first occasion for doing an estate plan. Most importantly, be sure you name a guardian for your children and provide for them financially in case something happens to you.

Your Child Has Become an Adult (at Least Chronologically). You might have made planning decisions regarding your children, when they were still in diapers, that warrant revisiting. Do they have opportunities, limitations or needs now that you didn’t anticipate then?

Your Kids Have Become Parents. It has been said that grandkids are God’s reward for not killing your children, and you may respond by considering, for the first time, what “generation skipping” really means, and planning initiatives such as trusts for your grandkids’ education, special needs, etc.

July 8, 2013

PAGE 2

You're Getting Older (Part 1). If you're older now than when you created your plan, preparing for long-term care, health challenges and other costs of being human may be more of a priority.

You're Getting Older (Part 2). Even if you're fit as a fiddle and plan to live forever, Uncle Sam is eyeing your retirement accounts. If you're approaching or at the point of taking required distributions from your IRA, 401(k) or other qualified plan, that can affect your other planning.

An Heir or Beneficiary Has Passed Away. If someone you named in your will or trust has died, you should check with your estate planning attorney to ensure that your documents' instructions adequately describe who gets what in the absence of the deceased heir or beneficiary.

A Responsible Party Is No Longer a Good Candidate. A change in the circumstances of a person you have named as a personal representative, trustee, guardian, etc., is a common stimulus of amending your planning documents. Perhaps they have passed away, become ill or infirm, or are not the person you thought they were when you selected them.

You've Taken Up a Cause. You would like to provide for a charity, religious organization or other worthy cause that wasn't on your radar screen when you set up your estate plan.

You Moved to Another State. The tax, trust, community property and inheritance laws of your newly adopted state may be just different enough from the laws of your former state to cause a problem with your will or trust. Have an attorney in your new state give your estate plan a look-see.

ACTION ITEM

If change in your situation causes you to question whether your estate plan is as effective as you would like, call your estate planning attorney and pose those specific questions. Your attorney should be able to advise you as to whether a change is in order and how to best achieve any needed updates.

Sincerely,

Julie Palella
Client Services Director