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The Importance of Estate Planning Strategies

Six Common Estate Planning Mistakes to Avoid

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The following list outlines six common estate planning strategy mistakes that can be easily avoided. Such errors often lead to costly consequences which could be circumvented with proper planning.

1. Not Having a Plan

It is important for everyone to have, at a minimum, an updated will. If you die without a will this is known as dying intestate. If this occurs, the probate court will determine what happens to your assets. This may rarely coincide with your intentions. Also, dying intestate could lead to a divisive and expensive litigation process if there are disagreements between your potential heirs.

2. Having an Outdated Estate Planning Strategy

Creating an estate planning strategy is not something you do once and put on autopilot. As major life events occur, you should revisit your plan. Some common examples could be:

- **Additions to your family**
- **Divorce**
- **Significant change in net worth**
- **Owning a business**
- **Moving to another state**

3. Doing It Yourself

Doing it by yourself will save you money, and there are plenty of online options. However, are you comfortable navigating unexpected complexities that may occur? For example, does the online site fully take the laws of the state where you reside into account? Do you know the right questions to ask? If not, your documents might lack the proper language consistent with the current laws in your state. Likewise, when making changes to your estate plan, it is important to have professional guidance. Doing it alone can lead to unwanted consequences. Once executed, legal documents may be inadvertently damaged by do-it-yourself changes which may only be corrected through lengthy legal proceedings.

4. Account-Specific Beneficiaries Contradicting Your Will

What happens if a bank or brokerage account lists one beneficiary or beneficiaries and your will or trust documents names another? For example, let's say an IRA account at a brokerage firm has your two sons listed as your beneficiaries split 50-50. However, the will or trust explicitly states your daughter as the heir of this account. In this case, your sons will inherit the IRA assets in contradiction to the desires expressed in your will or trust. Please be sure the wishes in your will correspond with the beneficiary forms that are held with your financial institution.

5. Forgetting to Fund Your Trust

There are complexities in setting up a trust and we encourage you to seek a qualified professional. While a living trust can ease the transfer of assets to beneficiaries without going through probate, it's not enough to simply create a trust. You must **transfer assets into the trust.** If you fail to fund the trust, the assets you intended to pass smoothly to your beneficiaries may not pass though as smoothly as you hoped. Instead, the situation may create controversy, inconvenience, and legal fees for your heirs. Additionally, your assets may not pass the intended beneficiaries directed in your trust.

6. Planning for Your Minor Children

A major reason for end-of-life planning is not only to properly bequeath your assets after you pass, but to be sure any minor children are considered. If you have minor children, be sure to have a guardian in place. Be sure you inform the guardian and receive consent. Spell out instructions regarding financial matters carefully to that person. Often, the guardian has too much freedom with your money, so it is important to have your specific intentions communicated.

Creating and implementing an estate planning strategy should allow your wishes to be carried out when you are deceased. Avoiding these and other common mistakes can minimize complications, delays, or even unnecessary legal expenses.

If you are initiating, updating, or reviewing your estate planning strategy, it is common to have questions. Please remember, we are a phone call away.

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