



MEEDER WEALTH MANAGEMENT

12 Estate Planning Must-Dos

Many of you already have estate documents, that were probably executed many years ago. Ideally, an estate attorney should review your documents every 10 years or as major life events occur. Here are twelve points to keep in mind as you look to keep your estate plan current.

01

Do you have a will and powers of attorney for health care and property? These are part of every complete estate plan. With health-care power, you choose an individual to act on your behalf if you become unable to make your own decisions. With durable power for property, you select someone to act if you are incapacitated. It would also allow this person to act on your behalf if you could not perform certain tasks such as not being capable of signing a tax return, making investment decisions, making gifts or handling other financial matters.

Make sure your health-care power addresses the Health Insurance Portability and Accountability Act. This governs what medical information doctors can release to someone other than the patient.

02

Are your beneficiaries, executors, trustees, guardians, or others named in your documents up to date? Does a recent divorce need to be considered? Are all still living? Can someone you know fill a role better?

03

Are there any updates needed to addendums to your will that specify who gets what of your personal property? Often wills mention addendums for personal property, unfortunately, many times the addendums do not even exist.

04

Did you move to a different state since the execution of your estate documents? If so, seek out a local estate attorney to check any legal differences for planning between your old and new residence.

05

Do you still need your trust documents, or can you decant? Consider this technique of emptying the contents of an irrevocable trust into newly created trust if you are unhappy with the current setup. Not all states allow decanting.

You may also want to discuss possibly moving assets out of a living trust (where a trustee holds them, a technique sometimes used to avoid probate) and holding them in the name of an individual.

This discussion will weigh the income tax benefits of a step-up in cost basis, the original cost of an asset, versus other reasons to keep the trust. (“Step up” means that the cost basis of an asset resets to the fair market value of the security as the date of the holder’s death—potentially a much higher value than when they bought the security.) The higher the cost basis, equates to less capital gains tax your heirs are liable for when they liquidate the asset.

You may also want to see whether you need an irrevocable life insurance trust, a device used to move assets out of a taxable estate. Now that thresholds are higher in 2021—individuals can leave \$11.7million and married couples \$23.4 million tax-free. Considering these higher exclusionary amounts, the majority people may not need to move assets.

Also check when your life insurance policy expires. Consider if there is a reasonable expectation you might outlive the coverage.

06

Have your children passed the ages specified in a children’s trust (in which you designate money for such specific purposes as education, home down payments or weddings once the kids reach stipulated ages)? If your estate documents call for a trust to give children access to money at certain ages after you die, you may be able to delete that language if they have attained the specified ages.

07

What happens if one of your children gets divorced? A trust can help you protect assets for your immediate heirs or grandchildren.

08

Do you have heirs with special needs? Do not assume that typical estate documents address this situation. Seek out a financial advisor and attorney who specialize in this type of planning.

09

Check beneficiary designations on brokerage accounts, insurance policies and retirement accounts. Do they need to be updated for reasons of marriage, divorce, death etc.?

10

Do you understand how your investment accounts work if one beneficiary passes away before the others? If you want the share of the assets to pass by blood line—to the deceased’s children, for example—you may need to put in language specifying per stirpes (distribution of property when a beneficiary with children dies before the maker of the will). Otherwise, the remaining listed beneficiaries may simply divide the assets.

11

Often a parent names a child on a bank account so they can access or use the money if the parent is unable to act on their own behalf. An important point to understand is that if you name your child as a joint owner on an account, the asset passes to your child regardless of what your will dictates.

12

Does your executor or other trusted person know where to find all your important financial documents? Give this individual knowledge of where to not only find pertinent documents but, also where they can locate passwords for access to digital platforms.