Estate Planning Tips

FINANCIAL PLANNING

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Estate planning can be full of complicated details. You may have records scattered in various places or passwords to important websites that only you can find. You may have forgotten to update your beneficiaries on your retirement plans, so the wrong people are designated to inherit the funds. This list of common estate planning tips may help to prevent many potential pitfalls.

Estate Planning Tips to Help You Avoid Common Estate Issues

1. **Review your documents.** What may have been an accurate estate plan years ago may not reflect your estate today. Experts recommend a full review every three to five years.
2. **Create a revocable trust.** A will creates a transfer record that is available for the public to read. If you want to protect your privacy, a revocable trust may be a better option. A revocable trust can be titled in your name alone or jointly with your spouse. You are able to control the assets while you are living. Upon your death, the assets will transfer to your designated successor without public knowledge.
3. **Retitle assets to your revocable trust.** If you execute a revocable trust document, you will need to retitle your assets and accounts into the name of the trust. If you forget to do this, the assets will be distributed through the probate process instead of how you intended.
4. **Ensure beneficiary designations are correct.** It is important to pay close attention to your beneficiary designations. Your beneficiary designations determine who receives retirement account assets (e.g. IRAs), non-qualified transfer on death account assets, and life insurance proceeds—not what your will or trust states. Failure to designate a beneficiary may result in the assets passing through to your estate where they are subject to probate.
5. **Make use of the annual gift exclusion.** Each year the IRS allows you to give a certain amount tax-free to anyone without affecting the value of your lifetime exemption amount and without needing to file a gift tax return. This can reduce the size of a large estate over time, which may potentially reduce estate taxes.
6. **Understand the lifetime gift and estate tax exemption.** An individual is allowed to give during life, or leave to heirs at their passing, a set dollar amount entirely free of federal estate taxes. The exact amount is subject to change based on tax law. For the current amount, please see estate tax at www.irs.gov. Federal estate tax is owed on estates larger than this, at tax rates of up to 40%. If your estate is already over this amount, or if it could grow significantly in the years ahead, it may be wise to use some of your lifetime exemption now and gift assets to children/heirs now.
7. **Take action despite the possibility of an estate tax repeal.** Federal wealth transfer taxes have been enacted and repealed several times in the past, therefore it is unlikely that a repeal will last forever. Take advantage of effective estate planning techniques that provide tangible benefits now.
8. **Do not leave too much, too soon, to younger heirs.** Receiving too much money without having to work for it may have a negative influence on the character development and work ethic of young adults. To avoid this problem, you can create a trust controlled by a family member or corporate trustee until the beneficiaries reach a more mature age.
9. **Share your website logins and location of assets with a trusted individual.** It can be challenging for others to turn off your email, electronic banking, and social media without your logins and passwords. Gathering statements to transfer assets to your heirs is also more difficult when you're the only one who knows this information. Consider creating a master document which lists all your online passwords and asset locations.

This list is not exhaustive—there may be additional issues that you encounter. Please consult with your estate and tax attorneys and your financial advisors to address your specific circumstances.