The News You Need to Know

Left to right: Andrew Woolley, Andrew Barninger, Christopher Miller, Steven Bell and Alan Loss.

In recent years, we have provided booklets titled, *When a Loved One Passes Away*, and *A Family Guide to Aging*. If you would like an additional copy for a friend or family member, let us know, as we still have a supply of them.

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Will You Avoid These Estate Planning Mistakes?

Too many households commit these common blunders.

Many people plan their estates diligently, with input from legal, tax, and financial professionals. Others plan earnestly but make mistakes that can potentially affect both the transfer and destiny of family wealth. Here are some common and not-so-common errors to avoid.

Doing it all yourself. While you could write your own will or create a will, it can be risky to do so. Sometimes simplicity has a price. Look at the example of Aretha Franklin. The "Queen of Soul's" estate, valued at $80 million, may be divided under a handwritten or "holographic" will. Her wills were discovered among her personal effects. Provided that the will can be authenticated, it will be probated under Michigan law, but such unwitnessed documents are not necessarily legally binding.[1]

Failing to update your will or trust after a life event. Relatively few estate plans are reviewed over time. Any major life event should prompt you to review your will, trust, or other estate planning documents. So should a major life event that affects one of your beneficiaries.

Appointing a co-trustee. Trust administration is not for everyone. Some people lack the interest, the time, or the understanding it requires, and others balk at the responsibility and potential liability involved. A co-trustee also introduces the potential for conflict.

Being too vague with your heirs about your estate plan. While you may not want to explicitly reveal who will get what prior to your passing, your heirs should understand the purpose and intentions at the heart of your estate planning. If you want to distribute more of your wealth to one child than another, write a letter to be presented after your death that explains your reasoning. Make a list of which heirs will receive collectibles or heirlooms. If your family has some issues, this may go a long way toward reducing squabbles as well as the possibility of legal costs eating up some of this-or-that heir's inheritance.

Leaving a trust unfunded (or underfunded). Through a simple, one-sentence title change, a married couple can fund a revocable trust with their primary residence. As an example, if a couple retitles their home from "Heather and Michael Smith, Joint Tenants with Rights of Survivorship" to "Heather and Michael Smith, Trustees of the Smith Revocable Trust dated (month)(day), (year)." They are free to retitle myriad other assets in the trust's name.[1]

Ignoring a caregiver with ulterior motives. Very few people consider this possibility when creating a will or trust, but it does happen. A caregiver harboring a hidden agenda may exploit a loved one to the point where they revise estate planning documents for the caregiver's financial benefit.

The best estate plans are clear in their language, clear in their intentions, and updated as life events demand. They are overseen through the years with care and scrutiny, reflecting the magnitude of the transfer of significant wealth.

Citations.

1 – detroitnews.com/story/news/local/oakland-county/2019/05/20/lawyer-says-3-handwritten-wills-found-aretha-franklin-home/3747674002/ [5/20/19]