

How Current is Your Estate and Wealth Plan?

By: Shawna Rinehart and Shane Miller

While it appears that the world around us is spinning out of control, many people have taken solace in focusing their energy on the things that they can control. For some, that translates into cleaning out closets and garages. For others, it means focusing on their health and developing a solid workout routine. However, as our calendars remain open and personal and business finances continue to change, there is no better time than now to evaluate your estate and wealth plan. Below is a basic checklist to assist with your evaluation and help you determine if you need to update your current plan.

Are your beneficiary designations current?

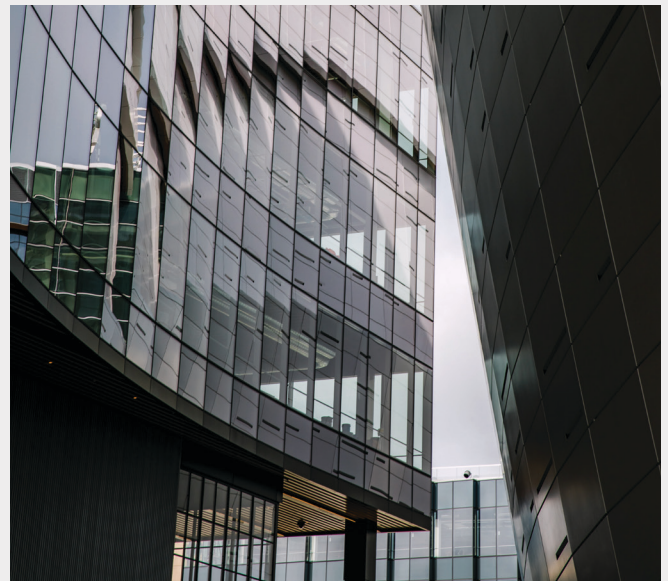
Pull out your life insurance policies, retirement accounts, and other policies and accounts to make sure that your named beneficiaries are current. If you have the opportunity, list an alternate beneficiary just in case. Oftentimes when life events happen (death, divorce, birth, etc.), we forget to make changes to these assets that pass outside of probate.

Is your estate plan current?

More often than not, it takes more than a will to accomplish how a person wants their estate to pass upon their death. For this reason, it is important to make sure that your estate plan and your personal wealth plan complement each other and do not work against each other. So, prepare a list of your goals and discuss them with your attorney, CFP® professional, and accountant to ensure that your current plan will accomplish these goals. In addition to designating who will inherit specific assets, think about any special circumstances that may need attention. For example:

- Do you have minor children or family members with special needs that would benefit from a trust rather than an outright distribution?
- Do you want to devise certain assets to a charity?
- What are the tax consequences of your current estate plan?
- If you have minor children, have you designated a guardian for them?
- Will your family business remain operational upon your death?
- Do you have all of the documents in place to assist your loved ones if you become permanently or temporarily incapacitated (powers of attorney, directives, etc.)?

Once you establish an estate plan, it is important to make sure that it is reviewed periodically and modified to accommodate any life changes.



Are you properly insured?

Take a look at your life insurance policy and see how it fits with your current stage in life. If you secured the policy 10 years ago, your income and standard of living may have changed significantly and you may now be underinsured. If you do not have life insurance, now is a good time to assess whether or not you need a policy. Policy premiums can be affected by age and health conditions, so it is often beneficial to secure a policy earlier rather than later.

Additionally, the type of policy and how it is owned is crucial in order to efficiently accomplish a specified financial goal. For example, covering the risk of a family member dying could entail a very different approach than planning for assets to provide estate tax relief for the next generation. If you are unsure about whether you are adequately insured, it is important to discuss your current situation with a CFP® professional or attorney and determine if any changes or additions should be made.

Is now the best time to gift certain assets?

You may know that you want certain items to go to specific people. However, have you considered the potential tax consequences of waiting to devise those assets upon your death? Due to the current value of certain assets, it may be advantageous to both you and the donee to make an inter vivos gift now. In addition, the Tax Cuts and Jobs Act (which is currently set to sunset after 2025) increased the exemption level of estate, gift, and generation skipping tax, which may present additional gifting opportunities. Finally, there may be other estate planning tools (ex: creating family limited partnerships) that may help you reduce any potential tax liability on gifts. Having a CFP® professional, attorney, and certified public accountant working together on your team can help you navigate these rules to your advantage.

Are you taking advantage of state and federal assistance programs that may be beneficial to you?

Laws are constantly changing, and many changes go unnoticed by the general public. In addition, COVID-19 has created many challenges to which state and federal governments are creating laws and special funds to help assist individuals and businesses. Specifically, the CARES Act and the SECURE Act both became effective in 2020, and you may benefit from a deeper understanding of how the new acts may impact your family and your business. Therefore, you may want to contact your attorney, CFP® professional, or accountant to ensure that you are taking advantage of all of the programs for which you or your business qualify.

Are your important documents properly organized to assist your loved ones?

As you gather all of your important items and put them in a locked safe box or other secure location, consider putting together a list of other information that will assist your loved ones when you die – list of accounts, passwords, contact information for your estate attorney, accountant, and financial planner, and the location of other important documents (property deeds, vehicle titles, business entity documents, marriage license, birth certificate, and other legal documents). If your loved ones have difficulty locating the items or do not know that they exist, it could have an adverse effect on your plan and your desire to provide for your loved ones.

This is a basic checklist to help you begin the sometimes daunting or scary task of looking at finances and preparing for end of life circumstances. However, there is no one-size-fits-all when it comes to estate and financial planning. A wealth plan is incomplete without an estate plan and vice versa. Collaborating with a CFP® professional, an estate planning attorney, and an accountant will ensure that everyone on your team is on the same page and working to accomplish your specific goals. So, once you gather the information discussed above, it may be beneficial to discuss your current situation with these professionals sooner rather than later. Just think – after this important area is taken care of, you may just sleep a little better or have the energy to tackle the attic!



Shawna Rinehart

Shawna Rinehart is a shareholder at Harris, Finley & Bogle, P.C., a full service law firm with offices located in Fort Worth and Weatherford, Texas. Shawna may be contacted by e-mail at srinehart@hfblaw.com or by phone at 817-870-8766.



Shane Miller, CFP®, CRPS®

Shane Miller is a senior manager in the Wealth Management department at WPWealth, a Registered Investment Advisor with the Securities and Exchange Commission (SEC). Shane may be contacted by e-mail at Shane.Miller@wpwealth.com or by phone at 817-259-9108.