Most Common Estate Planning Issues

If you're like most people, you have the best of intentions with regard to how you want your estate distributed when you die or your affairs handled should you become incapacitated. Unfortunately, your best intentions may not be enough. Here are six of the most common estate planning mistakes people make:

1. **Failing to Plan.** The biggest mistake is failing to create a plan in the first place. Without an estate plan, your assets will be distributed according to State law. Usually, if you are married, your spouse is entitled to a portion of your estate and the rest is divided among other relatives. If you are single, your estate may go to your children, parents, or siblings. If you have absolutely no living relatives, then your estate will go to the state. This is probably not what you want to happen to your assets

2. **Doing it Yourself**. It is tempting to try to save money by using a do-it-yourself online service or just writing something up yourself, but these poorly drafted documents may only cost you or your heirs additional money in the end. It is impossible to know, without a legal education and years of experience, what the right legal solution is to any particular situation and what planning opportunities are available. Using a DIY estate planning program means taking a large risk that can affect one's family for generations to come. The problems created by not getting competent legal advice probably won't be borne by the person creating the will, they will be shouldered by the person's children.

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MOST COMMON ESTATE PLANNING ISSUES CONT'D

3. **Not Planning for Disability**. A properly prepared estate plan not only specifies what will happen to your assets when you die; it also plans for what happens if you become incapacitated. It is important to have documents, such as a power of attorney that appoints someone you trust to act on your behalf if you can't act for yourself.

4. **Failing to Fund a Trust.** Once you draft an estate plan, you aren't done. If your estate plan includes a trust, you need to actually fund the trust -- by retitling assets in the name of the trust -- or the trust will be useless.

5. **Not Checking Your Beneficiary Designations**. You should confirm your retirement plan is not outdated. Retirement accounts do not follow your will or trust—they are distributed according to the forms you fill out with the insurance company. You need to make sure you have named a beneficiary and the beneficiary is who you want it to be.

6. **Not Reviewing the Plan**. Once have an estate plan, it is important to keep it up to date. Circumstances, including getting married or divorced, having children, or experiencing an increase or decrease in assets, and, laws change over time. Even if you don't have any major changes, you should review your plan periodically to make sure it still expresses your wishes.

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