



Are Your Estate Planning Documents and Beneficiary Designations Up to Date?

If your answer to this question is a resounding yes, congratulations, you should feel very good about your estate plan. You would definitely be the exception. In our experience the most common responses to this question are, “No, but I’ve been meaning to review things and just haven’t gotten around to it” or “You know I’m not sure because we really haven’t reviewed any of this in quite a few years”.

Estate planning documents and beneficiary designations should be reviewed on a regular basis at least every two to five years and always after any significant life event. The goal of this newsletter is simply to encourage you and your loved ones to set aside time to review your respective estate planning documents and beneficiary designations on a regular basis and to update them when necessary.

Life Events and Other Things That Should Trigger a Review

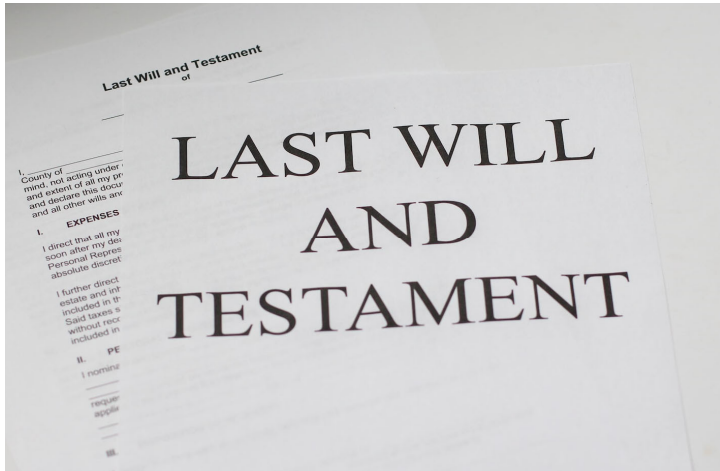
Look through each one of the items in the list below and see if any of them pertain to you - you might be surprised at how many actually do. Even if you are the exception and nothing pertains to you, we encourage you to review your estate planning documents to make sure that your plans still make the most sense given changing estate tax laws.

- Loss of faith in a successor trustee
- Desire to change executor or trustee
- Desire to change designated legal guardian
- Inheritance
- Marriage
- Divorce
- Death of a spouse
- Disability of a spouse or child
- You’ve decided you want to modify the beneficiaries of your trust and retirement accounts
- You’ve decided you’d like to change your charitable bequests
- Change of employment
- A substantial change in estate size or composition of assets
- A move to another state
- Death of executor, trustee, or guardian
- Birth or adoption

Executive Summary

- Develop the habit of reviewing your estate planning documents and beneficiary designations on a regular basis. We recommend doing this at least every two to five years at a minimum and always after any significant life event.
- Even a young adult should have the following estate planning documents: Advanced Health Care Directive, Financial Power of Attorney, Beneficiaries for accounts, Last Will and a Digital Will.
- Living trusts, Childcare Directives, Beneficiary Updates, Charitable Giving Plans, Special Needs Trusts, and strategies to reduce estate taxes are commonly part of the estate planning tool kit as individuals progress through the early and middle stages of life.
- Later stage estate planning often involves multi-generational planning, further estate tax reduction strategies, considering Life insurance outside of one’s estate as a means of paying estate taxes. It is useful to keep a sharp eye on making sure trustee and successor trustee choices are appropriate.
- A review of all account beneficiaries should be done periodically to ensure that the directives on your account(s) are still in alignment with your wants, goals, and desires.
- An up-to-date beneficiary plan is important to safeguard assets as they pass to your desired heirs.
- Beneficiary designations can be added to non-retirement accounts by adding a TOD (transfer on death) feature to your account.

- Serious illness of family member
- Change in business interest
- Retirement
- Change in health
- Acquisition of property in another state
- Changes in tax, property or probate and trust law
- A change in beneficiary attitudes
- Financial responsibility or irresponsibility of a child
- Change in mental health condition of a beneficiary



Early Life Areas of Focus

Many of our clients have college-age kids, recent college graduates, and young adult children - some married and some single. Based on our experience, most of these young adults have done very little, if any, planning in this area. If you have young adult children, it's in your collective best interests to get basic estate planning documents in place. Use stories to encourage them to get this done – for example, if there was a health emergency, a hospital would not take any health instructions from a parent of a single adult child, they may not even tell you the child was admitted! Having a properly drafted health care directive/health care power of attorney addresses this problem.

The following are important for every adult to have early in life:

- Advanced Health Care Directive (Power of Attorney for Health Care).
- Financial Power of Attorney.
- Beneficiaries for accounts.
- Last Will & Testament (Simple Will).
- Digital Will – How to handle digital assets like Facebook, Dropbox, Passwords, etc.

Early / Mid Life Areas of Focus

As young people begin marrying, having kids, buying property, creating wealth, and inheriting wealth their estate planning needs to grow with them. Their estate plans will typically add the following:

- Living Trust.
- Life Insurance (as part of the estate plan and financial plan), possibly held outside of the estate for estate tax purposes.
- Guardianship Nominations, directives related to child care.
- Beneficiary Updates – Children or Children's Trust as contingent beneficiaries.
- Charitable Giving Plans.
- Optional Special Needs Trust

- Irrevocable trusts, or other planning for estate tax reduction (depending on how large the estate may be).

Things can change fast during this phase of life and frequent updates are a must to be sure one's estate plan stays current.

Late Life Areas of Focus

Later in life, depending on the size of the estate, areas of focus will often involve the following:

- Multi-generational planning.
- Tweaking and updating estate tax reduction planning (which should have started long ago).
- Making sure the plan is current in light of recent estate tax law changes.
- Reviewing the appropriateness of trustee and successor trustee choices.
- Planning for life insurance, possibly held outside the estate, to help pay for expected estate taxes.
- Update and fine tune any charitable giving plans.
- Update Special Needs Trusts for current program rules and other circumstances.
- Using Bypass Trusts or Portability of estate tax exemptions

At this stage of life, it is also important to have periodic updates to be sure your wishes are still reflected in your estate planning documents and beneficiary designations. Often there will be a set of tradeoffs with more advanced estate planning techniques and each must be weighed carefully.

A Few Words About Beneficiary Designations

- A review of all account beneficiaries (primary and contingent) should be done periodically to ensure that the directives on your accounts are still in alignment with your wants, goals, and desires.
- An up-to-date beneficiary plan is important to safeguard assets as they pass to your desired heirs.
- Retirement account beneficiaries supersede any trust or will directives. This means that even if your estate plan is up to date, it is important to also address the beneficiary elections on each individual retirement account unless your living trust is also your retirement account beneficiary.
- If you have an employer sponsored retirement plan, the beneficiaries should also be updated to reflect your desires – and federal laws can

potentially override your wishes unless you update them properly.

- Retirement account beneficiaries receive nearly immediate access to the account's assets after the death of the owner. This means that if you wish to restrict access to the assets in some way, a beneficiary trust or other technique can be used to hold the assets and distribute them according to a more structured plan.
- If you wish to donate your retirement account funds to a charitable cause, this can be done via a direct beneficiary or through an estate plan directive.
- If you plan to leave some or all of your assets to grandchildren or to other individuals outside of your legal immediate family, there are planning opportunities / provisions that should be a part of your estate plan to incorporate these plans.
- Beneficiary designations can be added to non-retirement accounts by adding a TOD (transfer on death) or POD (payable on death) feature to your account.

As you can see from the above points it is important to understand how your beneficiary designations differ from your estate planning documents and to coordinate the two to get the result you are planning to achieve.

Summary

We recommend reviewing your estate plan and beneficiary designations every two to five years and always after any significant life event. Often clients can't even remember the details of their estate plan so it's an excellent exercise to review exactly how the documents are laid out as well as your listed beneficiary designations. By developing this habit, you will more quickly and easily keep your estate plan up to date with the help of your professional team.

If you do decide now is a good time to update your estate plan and beneficiary designations, please reach out to us, or your respective estate and financial professional, after you have a chance to reflect on your current plan and consider what may need to change – this way we can discuss specific questions or concerns you may have. We are also happy to go over the documents with you and talk through any changes you are contemplating or that we might suggest. Once you get all of the updates worked into a final draft with your estate planning attorney, we typically help you review it before signing. It doesn't hurt to have another set of educated eyes look everything over.

There is tremendous peace of mind in knowing that you have your estate plan and beneficiary designations up to date and current. For additional information on

estate planning, see our [April 2018 Planning Newsletter](#), our [April 2015 Planning Newsletter](#), and our [April 2014 Planning Newsletter](#). The 2014 Newsletter is less technical, but covers passing on your most precious assets – your stories and your wisdom to your kids and grandkids.

We hope you and your family are well. Please contact us if you would like to discuss any aspect of your financial life in greater detail.

Past performance is no guarantee of future results. All content in this newsletter is intended as general information, not specific advice. Performance data listed is for illustrative purposes only. Portfolios are personalized and often consider many variables, including investment objectives, age, time horizon, risk tolerance, and tax variables. Information contained herein has been obtained from sources believed reliable, but not guaranteed.

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