
Clean Up Your Estate Plan

While doing your winter clean up, remember to also clean up your estate plan.

You may have executed an estate plan years ago. (If you have not prepared an estate plan, you should do so. If you do not have a will or a trust, state law determines who will inherit your assets, which may be different than what you would have provided in your estate plan.) You probably have had beneficiaries born or died or divorced. Are the trustees or personal representatives that you appointed in your documents still individuals or trust companies that you deal with? Have they now become aged and should no longer have the responsibility entailed in being a personal representative (executor) or trustee? What about people you named as guardians for your minor children?

Here is a brief checklist of items to review.

1. **Personal Representatives and Trustees.** Are the named personal representatives (executors) and/or trustees still people that you trust, and can they handle the obligations involved in being the personal representative or trustee?
2. **Beneficiaries.** Have your beneficiaries changed? Are there beneficiaries that have been born or have some of the beneficiaries died?
3. **Document Provisions.** Are the dispositive provisions of your documents still applicable? For example, if you provided for distributions of principal to your beneficiaries at certain ages, are those ages still appropriate? Maybe your estate plan is too complicated and could now be simplified. Should your estate plan have protections for beneficiaries so that they do not squander their inheritance or lose their inheritance to creditors?
4. **Guardians and Conservators.** Are the guardians and conservators named in your Will still the people that you would want to raise your children if something happens to you and your spouse?
5. **Divorce.** Have you been divorced since you prepared your estate plan documents? If so, if you participated in a qualified retirement plan or a group term life insurance plan, you need to specifically change the beneficiary. The fact that

your divorce judgment provides that your spouse is no longer to receive any benefits does not apply to these types of plans. You must make a specific change of beneficiary, otherwise your ex-spouse will receive the benefits that you did not want him or her to receive.

6. Life Insurance. Do you have life insurance policies that need to be updated or increased? Also, do you have life insurance that you no longer need? If so, you can consider donating those unneeded policies to a qualified charity. You will be entitled to a charitable tax deduction on your federal income tax (if you itemize your deductions) for the gift of the value of the life insurance policy.

7. Bequests. Are your specific bequests to named individuals still correct? Should you have new specific distributions?

8. Charities. What about gifts to your favorite charity? Your children may be charitably inclined, but they may want to give their money to charities other than the ones that you have been supporting. Your charity relies on your contributions, and you should name them as a beneficiary of part of your estate to replace the contributions that will no longer be received from you.

9. Federal Estate Tax. The federal estate tax exemption for 2015 is \$5,430,000, so most of us don't need to worry about federal estate taxes, and Michigan does not have an estate tax. However, if you are "lucky" enough to have significant assets so that your estate may have to pay an estate tax, has your estate plan been structured to try to minimize the estate tax as much as possible?

Updating your estate plan is something that everyone postpones. However, it is necessary to stop procrastinating and review your documents with your Maddin Hauser estate planning attorney. The time is now!

By Robert D. Kaplow, Esq.

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