



## **Estate Planning Checklist: 5 Things to Do Now**

January tends to be a busy month for estate planners, as our clients follow up on resolutions to get their estate plans in order. The beginning of the year is a great time to handle many estate planning tasks.

Use this to-do list to give your estate plans a review and update.

### **1. MAKE EXCLUSION GIFTS EARLY**

You know that each year everyone can make annual exclusion gifts; the amount of which is still \$14,000 per recipient. Married couples can gift \$28,000 together per recipient, due to gift-splitting.

What they may not know, however, is that the best possible time to make these gifts is at the beginning of the year. That way, if something were to happen to you during the course of the year, the value of the gift would already be outside of the estate for estate tax purposes.

Even with very high federal estate tax exemption amounts (\$5,430,000 in 2015), annual exclusion gifts can still make sense for you, especially if you live in states with a state estate tax.

### **2. FUND REVOCABLE TRUSTS**

If you have created a revocable trust, find out whether any assets have been transferred into it. Over the years, I have found that many clients create revocable trusts, but never use them to their full potential. Clients often know that there are benefits to funding their trusts, but they simply never get around to doing so.

Put your assets into a revocable trust in order to help provide quick access in the event of incapacity or death, and to help keep personal affairs private. Failing to do so can end up costing you and your loved ones both time and money.

While attorneys may charge extra to help clients fund their trusts, in my experience many financial advisors include this as part of their services. Helping with the paperwork involved in transferring financial assets to revocable trusts can be an important value-added service to provide for you.



### **3. CHECK BENEFICIARY DESIGNATIONS**

One common (and potentially costly) estate planning mistake involves outdated or never-signed beneficiary designation forms. It is extremely important to check periodically to make sure beneficiary designations are correct, especially if you have gotten divorced or married during the preceding year, or if a previously named beneficiary, such as a parent or sibling, has died.

**For many clients, life insurance policies and retirement benefits represent some of their most valuable assets. While it costs virtually nothing and takes very little time to fix or change a beneficiary designation during life, dealing with an incorrect or outdated named beneficiary after a death can be very costly and difficult, or perhaps even impossible.**

### **4. REVIEW NAMED FIDUCIARIES**

It's critically important to choose the proper fiduciaries in an estate plan -- and to review named fiduciaries on a regular basis. You may have named the right person or institution at a certain point in time, but subsequent changes could have altered their situation.

Check existing documents periodically to see who is named as personal representative, attorney-in-fact and trustee, and see if the choice still makes sense.

I also find that many times younger adults name their parents -- who, as they age, may no longer be able to perform the expected tasks. For all of these reasons, it is important that you review the named fiduciaries and ensure they still have the right person.

### **5. GET PROCRASTINATORS TO ACT**

For those among us who have clients without an estate plan: Get one! Many estate planners tend to forget this fact, because we deal on a daily basis with the folks who do have plans in place -- but the vast majority of people still do not have any type of an estate plan at all, let alone one that is adequate for their needs.

While it can be difficult to motivate you, an unexpected incapacity or death is even more trying for a family, and is unfortunately not a rare occurrence. It is critical to lay out your options and make sure you understand the detriments of not having an estate plan in place.