

Updating Your Estate Plan

A recent *Caring.com* survey found that only around 1 in 3 Americans have an estate plan.¹ That said, hopefully you have created a will or trust. That's great that you've created a plan, but do you know where your documents are? When's the last time you looked at them? Do you recall what they say? Who's supposed to take care of these things when you're gone?



An estate plan is something that's truly never done until you're "done." Much like maintaining your car or your home, estate plans need to be maintained as well. Lives change, laws change, and over time your goals may change. Consider some of the following as motivators to review and potentially update your estate plan:

Life Events

Life happens. We experience births, deaths, marriages and divorces. Any one of these events may trigger the need to update your plan. Perhaps now you have a grandchild you'd like to provide for. Maybe your child has married the biggest spender in the world. Maybe you're getting divorced or remarried and you can't remember who you named as the beneficiary of your 401(k) plan. Regardless of the event, whenever you have a change in your life you should review your estate plan and your beneficiary designations to ensure that change is accounted for in the way you

wish. Failing to do so could leave your assets to an unintended beneficiary.

Changes in the Law

The threshold of wealth to reach a taxable estate for federal estate tax purposes has been changing significantly over the last few years. As late as 2000, the amount of wealth needed for a taxable estate was only \$675,000. Today it's over \$12 million. As the law is written today, if Congress doesn't act, the exclusion will revert in 2026 to something around \$5-6 million.

That's not all. As the federal rules have changed, many states have implemented or eliminated their own state estate taxes. As of this writing, twelve states and the District of Columbia impose an estate tax while six states have an inheritance tax.

In short, this area of the law is constantly shifting. When it does, it may affect your plan. Many plans reference

¹ [2023 Wills and Estate Planning Study - Caring.com](#)



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the federal estate tax thresholds and stipulate how and who may inherit based on those thresholds. Do you know if your plan has these references, and if so, do you know what that means with your legacy? If you can't definitively answer "yes," then it's time to review your plan.

Changes in Wealth

How old is your will or trust? Did you create it the week you brought your daughter home, and now you're walking that daughter down the aisle? If your plan is dated, it's likely your net worth has significantly changed since you executed your plan. Maybe leaving your now sizable estate to a younger beneficiary isn't such a great idea. Perhaps you now have an estate tax problem. Again, a significant change like this should prompt an estate review.

Every Three to Five Years

Even if you feel that you've got all of your ducks in a row, it's a good idea to review your estate plan every three to five years just to make sure you know what you've got. It's even possible that during one of these intervals you may feel the need to share your plan with your beneficiaries. Again, there may be nothing wrong with your car, but you change the oil at regular intervals to make sure it's maintained properly. Do the same with your estate plan and dust it off every three to five years.

Estate planning can be intimidating, and it's never all that exciting to plan for your own demise. Work with your financial advisor, along with your tax and legal advisors, to implement, review and maintain your estate plan. You've spent time and money creating your plan, be sure to follow up regularly to make sure it will work the way you wish. ■

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