

the perfect legal partner®

The Nine Most Common Estate Planning Mistakes



the perfect legal partner®

1 Failure to plan for disability.

Too many estate planning attorneys only focus on death. At any given age there is a greater chance that someone will be unable to make their own decisions due to a disability. It is very important to have insurance to replace income should you be unable to work and to have documents in place so that someone can make your medical and business decisions if you are not able to make them for yourself.

2 Failure to update estate plans.

Too often people have Wills, Powers of Attorney and Health Care Directives prepared, place them in the bottom drawer, and don't look at them for long periods of time. Changes in the law and changes in family situations on account of births, deaths, divorce and disability may require updating your estate planning documents.

3 Failure to coordinate your beneficiary designations with your estate plan.

Many people believe that your Will controls where your assets will go when you die. If you have named a beneficiary for life insurance, retirement plans or other assets they will be paid to the beneficiary regardless of what the Will states. For example, we see families with young children including trusts under their Wills but the children are named as the beneficiaries on their life insurance policies. Be certain that your estate planning attorney instructs you as to what changes need to be made when you sign Wills and/or Trusts.



the perfect legal partner®

4 Failure to plan for long-term care.

Long term care includes nursing home care, assisted living care and home care. Approximately 60% of all of us will need some form of long term care services. The average annual cost in the Baltimore-Washington area is close to \$100,000. There are various insurance products that can help pay the cost and also ways to protect some of your assets in the event of a long term care stay. Pre-crisis planning is critical in this area.

5 Failure to keep abreast of changes in state and federal estate tax laws.

There have been numerous state and federal estate tax law changes that may require revising your estate planning documents in order to minimize the tax burden on your family. For example, in 2015 you can pass \$5,430,000 free of federal estate tax but only \$1,500,000 free of Maryland estate tax. The Maryland exemption is scheduled to go up each year until 2019 when it will be equal to the federal amount.

6 Failure to protect the inheritance of children and grandchildren.

A great deal of wealth will be passed from generation to generation which can be very helpful or harmful to those people receiving an inheritance. Immaturity and bad marriages are two of the major considerations when protecting such an inheritance. The use of trusts can be very beneficial in this area.



the perfect legal partner®

7 Failure to select the proper fiduciaries.

The people who are designated to do things for you, such as the personal representatives (formerly called executors) of your Will and trustees of your trusts, will be able to carry out your wishes. Make sure that you spend the appropriate time in selecting these people so that your estate planning will be properly carried out.

8 Failure to do asset protection planning.

Not having the proper liability insurance, including an excess liability “umbrella” policy, may cause your assets to be paid to creditors, such as someone you have harmed in an automobile accident. In addition, there are different ways to title your assets which may offer significant planning in the event of a lawsuit. In some cases asset protection trusts may be advisable. Your attorney should review the manner in which your assets are titled and make appropriate recommendations.

9 Failure to hire a good estate planning team.

Having an experienced and qualified estate planning attorney, certified public accountant, insurance advisor and financial advisor is critical in order to do the best possible estate planning. Many people spend more time investigating the purchase of a refrigerator than hiring their professional advisors. With the proper team, the other eight estate planning mistakes will not be made as the team will ensure that all of the appropriate areas are covered.

Offit Kurman is the Mid-Atlantic region’s premier legal services provider. With a growing group of experienced attorneys practicing in a wide range of specialty areas including business law and labor and employment, Offit Kurman Attorneys At Law is your perfect legal partner.

