

5 Reasons to Review and Update Your Estate Plan

By Robert Maclay

The dusty, yellowing binder that holds your aging Will is sitting on your bookshelf or in a fireproof safe. Your eyes occasionally pass over it as you look for something else and you wonder “What do those documents even say?” before you move on to more pressing matters. To honor National Estate Planning Awareness Week, Paley Rothman is giving you 5 reasons to pull that dusty binder off your shelf and take a look.

Reason 1: Who are your Beneficiaries?

If it has been 10 years since you signed your Will, your idea of who you want to be the beneficiary under your Will has probably changed. Children and grandchildren are born, couples get married and divorced, and our trusted elderly family members have passed away. Maybe you left your estate to a charity that you no longer support. When your priorities and goals change, it is time to update your estate plan.

Reason 2: Who is your Executor?

If you can't remember who you named to handle your affairs after your death (your fiduciaries), it is time to take a look. Often, we designate people who are important in our lives at the time. Over time, those people change and you might not want Uncle Joe, who has been in the hospital for the past 6 months, named as the person to handle your affairs. When the important or trusted people in our lives change, it is time to update your estate plan.

Reason 3: Where are your Assets Located?

You have had some success and now own a home in Bethany Beach, Delaware or a ski cabin near Canaan Valley, West Virginia. If your new property is located in another state, it is subject to the laws of the state in which it is located. Those laws may or may not be the same as the state in which you live. It is time to update your estate plan to make sure that your new property will be transferred under your estate planning documents and to prevent your fiduciaries from dealing with probate in multiple states.

Reason 4: What do you Own?

The world has shifted to a digital ownership society over the past decade. Many of our assets are now housed online, in password protected accounts. The information that your executor may need after your death, like your bank account statements, may only come to you by email. Do you know if your executor can access those accounts? If your Will was executed prior to the digital revolution, it is likely that your executor cannot access those accounts. Updated Wills and Powers of Attorney address your digital assets and accounts and can provide or bar your fiduciaries from accessing those accounts.

Reason 5: What is the Law Now?

Tax laws change constantly. Over the past fifteen years, the estate tax has changed dramatically. The federal estate tax is now imposed on estates over \$5,450,000 (adjusted annually for inflation), as compared to estates over \$675,000 in 2001. Maryland's estate tax exemption will equal the federal estate tax exemption in 2019. D.C.'s estate tax exemption is now based on other revenues generated under the D.C. budget each year. The tax-driven planning of the past may not be the best plan for you now. Many clients are switching to a “disclaimer” based plan that provides the flexibility to evaluate options, including asset protection and tax concerns, after your death. An updated estate plan will address changes in the law.

Once the dust from the binder holding your Will settles, you realize it is time to call your estate planning attorney for a review of your estate plan. Then, you remember to set a reminder in your digital calendar to call them again in 3 years for your next review.