

If you ask a group of estate planning attorneys about the most common mistakes they see, it wouldn't be surprising if "failing to create an estate plan" topped the list. Many surveys indicate that less than half of Americans have a will, and that number drops even lower for parents of young children who should have a will to designate a guardian for those children in the event of an emergency.

Beyond the obvious, however, for those individuals who have an estate plan, let's look at some of the most common mistakes.

## Failure to Update Plans and Documents

Many people believe that estate planning is a task you can check off your to-do list once in a lifetime, like graduating high school. But as life changes, your estate plan needs to change to keep up.

Major changes in life such as a move to a new state or the addition of a family member definitely should trigger a review of plans and documents. But even without these events, it is a good idea to review plans regularly to ensure you have what you need to accomplish your goals.

## Lack of Coordination with Beneficiary Designations

For many individuals, assets with beneficiary designations form the bulk of their estate. These assets include retirement accounts, annuities, and life insurance policies. People who remember to change the beneficiaries on their wills often forget about beneficiary clauses in their investments or other accounts. These provisions are legally

binding, so a large portion of someone's assets could pass to an ex-spouse or other individual they wanted to exclude or minimize from estate plans.

## Failing to Properly Fund Trusts

A revocable "living" trust can provide a great vehicle for avoiding probate and protecting your assets in the event that you become incapacitated. But the trust can only work for you if you transfer the right assets into the trust. In many cases, that means re-titling property such as real estate and vehicles. Trusts used for other purposes also must be funded properly or they will lack resources to accomplish objectives.

## Making a Child a Joint Owner

Many people add the name of a child to a title or account as a way to ensure that the asset will pass to them later. Or they do it for the sake of convenience. But this can be a huge mistake.

Co-ownership takes effect immediately. This gives your child's creditors access to your property. If your child is in a car accident or failed business venture, creditors could potentially seize all of your assets as well as your child's. It is better instead to give that child power of attorney to assist with your assets and set up a payable-on-death clause or other provision to transfer the assets when you pass away.

## Not Including Health Care Planning

## Documents in the Estate Plan

A comprehensive estate plan covers far more than finances. Your estate plan should also include advanced directives for medical decision-making and to let your wishes be known if you become incapacitated. In addition, you should have documents that authorize a loved one to access your medical records and discuss your needs with medical personnel.

## Work with an Attorney to Avoid Costly Mistakes

Attorneys who assist clients with estate planning and administration have seen a wide range of mistakes and are anxious to help others avoid the common pitfalls. To talk to the experienced estate planning team at The Nordhaus Firm about how to best protect yourself and your family, call us at 214-726-1450 or reach out online.