

Best Practices for Reviewing your Estate Plan

As your life evolves, so should your estate plan. Many individuals “set it and forget it”, that is to say, they draft initial documents and then do not revisit them. While having an outdated plan can be better than no plan at all, not updating documents can lead to many issues when it comes to settling and distributing your estate. Making sure your documents are updated ensures that your assets will flow according to your wishes, be tax-efficient, and will reduce conflict and complexity for your heirs.

Do you need help reviewing your plan and understanding your options? While Evergreen does not draft legal documents; working with our planning team can help you identify your goals, coordinate with your legal team, and show you the long-term impact of various strategies. If you need a referral to an attorney we can also help match you to someone who can best meet your needs.

How often should documents be reviewed?

We recommend reviewing your legacy plan every 3-5 years, or if there has been a significant life change such as a new marriage, change in assets, birth of a child, moving to a new state, or a significant change in your health. There have been many estate and tax law changes since 2017, such as the Tax Cuts and Jobs Act of 2017 and the SECURE Act of 2019. If you have not reviewed your plan since that time we recommend doing so now.

What should be reviewed?

Make sure you check your major documents, such as wills, trusts, powers of attorney, health care directives, and life insurance policies. As you are analyzing your plan, think about the following items:

- **Key persons:** This includes executors, powers of attorney, trustees, and guardians. Are these persons still willing and able to serve in these roles? Can family members or friends act in this capacity, or would you prefer to hire a corporate trustee or executor?
- **Beneficiaries:** Review not only who is named in your wills and trusts, but also retirement accounts and insurance policies. The SECURE Act has made inheriting IRAs less advantageous for many beneficiaries. Review these with your attorney and financial advisor, it could make sense to shift who inherits which assets.
- **Titling of assets:** There are many different types of account titles such as joint tenants with rights of survivorship, tenants in common, and transfer on death. Mistakes in titling can lead to increased taxes and assets being tied up in probate. If you have opened new accounts make sure the titles are appropriate.
- **Distribution:** Will your estate pass to heirs and loved ones according to your wishes? Are tax-efficient strategies being utilized? Make sure you understand who will get which assets and when. Reviewing within the context of your financial plan can help you understand how assets will shift over time and the impact on beneficiaries.
- **Trusts:** If you have current trusts in place, review the terms and understand how these will impact your heirs. Do these trusts still accomplish your goals? Do the terms of current trusts need to be revised or do you need to establish a new trust? A common mistake I see is with setting up trusts for minor children with terms that are outdated and no longer match the objectives.

- **Estate taxes:** Do you know how much estate tax you will owe under current law, and do you have a plan to pay? The Tax Cuts and Jobs Act of 2017 significantly increased Federal estate tax exemption limits from \$5.45m per person to \$12.06m in 2022. These exemption amounts are set to reduce in 2026. State estate taxes also come into play, in Washington the exemption level is \$2.193m in 2022. Review tax-efficient strategies with your advisor such as charitable giving, lifetime gifting, and make sure the proper trusts are in place to maximize the exemption amounts.
- **Health care instructions:** Make sure the proper persons are in place to act as your agent, and that your medical directives are congruent with your wishes.
- **Instruction for digital assets:** Keep an updated list of various accounts, passwords, and email addresses, and confirm key persons know where to find them.

Keep executor and family up to date

Once documents are updated, discuss with your loved ones and key persons so they know how to access documents, understand your wishes, and have everything flow as smoothly as possible. Introducing family members to your advisors early on can reduce ambiguity and help make sure things go according to plan.

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Katie Vercio, CFP®, CDFIA®

Senior Financial Planner

To contact Katie, email:

kvercio@evergreengavekal.com

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