

ESTATE PLANNING

Estate Plan Check-Ups: Don't Just Set It and Forget It

Like your preventive doctor visits, you should regularly check in on your estate plan to ensure it's in good shape for when it's needed.



(Image credit: Getty Images)

In the world of financial planning, an often talked about aspect is estate planning. Estate planning can mean many different things.

For most people, it involves creating a last will and testament, possibly a revocable trust and important advanced directives such as a power of attorney and a designation of health care surrogate. Creating an estate plan, or “getting your affairs in order,” tends to be an item on a person’s to-do list. And like other items on a to-do list, the goal is to just get it done and move on to the next thing. However, while it may not be something you have to look at every week, or every month, once an estate plan is completed, it is something that needs to be reviewed with some regularity.

Most people get an annual physical when they are healthy, not when they are sick. They do this because they want to proactively spot any issues that could cause them to become ill in the future. The same concept can and should be applied when it comes to reviewing and updating your estate plan. Your estate plan may be “healthy” now, but you want to make sure that it stays that way by checking it regularly.

So, what are we looking for during these check-ups, and when might we know it is time for one? The best practice is to make this part of your annual routine. However, if that is not feasible, there are instances where you might want to review or update your plan, such as:

Significant life changes

Life is marked by a series of changes — marriage, the birth of children, career advancements and, sadly, loss. Each of these life events can alter the dynamics of your financial landscape and require changes to your estate plan.

For instance, if you drafted your will before getting married or having children, you will likely want to update it to include your spouse and children and make sure the proposed distributions reflect these changes.

Failing to address these changes may result in unintended consequences, like leaving your estate to your siblings instead of your children.

Changes in the law

The legal landscape is constantly changing with new laws and regulations. Changes in tax laws, inheritance rules and estate planning regulations can significantly impact the effectiveness of your estate plan. Regularly reviewing and updating your estate plan ensures that it aligns with the latest legal developments, helping you take advantage of new opportunities or safeguarding against potential pitfalls.

Ignoring these legal changes may lead to unintended tax burdens or complications in the distribution of assets.

Asset valuation

Over time, the value of your assets can fluctuate due to market conditions, economic shifts or changes in personal circumstances. An outdated estate plan may not accurately reflect the current value of your assets, potentially resulting in uneven distribution among beneficiaries.

For example, maybe you have two pieces of real estate — a home and a vacant piece of land. You originally wanted to leave the home to one child and the vacant land to the other. Well, that house in a hot real estate market could be worth significantly more than that vacant piece of land.

Regularly assessing and updating asset valuations ensures that your estate plan reflects your true financial picture, allowing for a fair and equal distribution of assets in accordance with your wishes.

Beneficiary designations

Designating beneficiaries is a crucial aspect of estate planning, especially when it comes to retirement accounts, life insurance policies and other financial assets. Life events such as marriages, divorces or the birth of additional children may require that you change beneficiary designations. Failing to update these designations can lead to unintended consequences, such as assets passing to ex-spouses or excluding new family members.

Regularly reviewing and updating beneficiary designations ensures that your assets are distributed according to your current intentions.

Regularly updating your estate plan is not just a prudent financial practice; it is a responsible way to safeguard the future for yourself and your loved ones. Life is unpredictable, and your estate plan should be flexible enough to adapt to changes in your personal circumstances and the broader legal and financial landscape.

By proactively reviewing and updating your estate plan, you can ensure that it remains a relevant and accurate reflection of your wishes, providing peace of mind for you and your heirs. In the ever-evolving world of finance, an up-to-date estate plan is a powerful tool for securing the legacy you've worked so hard to build.

NYSUT NOTE: You may already have access to NYSUT Member Benefits Trust-endorsed Group Legal Service Plan, which can take care of many of your estate planning needs free of charge. If not, the endorsed voluntary [Legal Service Plan](#) can be purchased for only \$85 and save you a significant amount of money with your estate planning needs.

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