



Is It Time To Revise Your Estate Plan?

by Jim Dressman

For most, having a will and other estate planning documents is a chore which no one enjoys. Once completed, there is a feeling of great satisfaction in completing the arduous task and the documents are placed in a special place for safe keeping and soon forgotten.

I am often asked when estate plan documents should be reviewed. The technical response would be whenever personal situations change, assets change substantially in nature or value, or when there is a significant change in law, tax or otherwise. However, many clients would not be aware of when these matters change to a degree necessitating a review or revision of estate plan documents. So my normal suggestion is to pull the estate plan documents on a yearly basis when you are putting together tax information for annual income tax returns and think about these documents in light of what has changed over the previous year in terms of beneficiaries, named executors, named guardians, assets, life insurance and other beneficiary designated assets.

If it has been more than a few years since you reviewed your estate plan, you certainly need to review the documents in light of federal estate tax law changes. Perhaps, when your estate plan documents were drafted, they were drafted to take advantage of the \$1,000,000 federal estate tax exemption. The fact that the estate tax exemption has now been increased to \$5,000,000 (\$10,000,000 for married couples) may make the formula in your will or trust totally inappropriate.

Other changes which may indicate a need to revise your estate plan documents are:

- Minor children are now adults.
- Named executors or trustees are deceased or no longer appropriate.
- Retirement plans and life insurance have changed and beneficiary designations need to be reviewed or updated.
- There are now beneficiaries with special needs.
- Assets have now increased in value so as to make federal estate planning advisable.
- Asset values have decreased and bequest and tax planning need to be revisited.
- Assets, such as bank accounts or real estate, have been re-titled so as to no longer fit the specific provisions of your will.

One final note concerning federal taxes. The campaign in Washington to reduce our national deficit will put significant pressure on Congress to find additional revenue sources, and such pressure could very well result in a reduction of the \$5,000,000 (\$10,000,000) federal estate tax exemption, scheduled to expire on December 31, 2012. Such pressure may also negatively impact the current gift and generation tax exemptions and exclusions. Accordingly, you may want to review your situation now to try to take advantage of the current exemptions before they are eliminated.