

10 Steps You Can Take Today to Protect Your Child's Inheritance

 MELONE HATLEY, P.C.

Most parents want to provide a financial benefit to their children as a part of their estate plan. However, small mistakes made now can end up costing the estate in the long run. Below are 10 steps to take today to protect your child's inheritance.

1 Understand Your Situation

Before taking any action in drafting wills, naming beneficiaries, or establishing a trust, it's essential to understand how the law will apply to your situation and your family structure. If you have a spouse, a second marriage, children from a prior relationship, adopted or step-children, the law will apply differently to each beneficiary. Getting legal advice at the beginning and understanding how the law operates is an essential piece to starting your estate plan.

2 Make A Plan

Some essential elements of any estate plan will include an Advance Healthcare Directive and Durable Power of Attorney. Getting these documents in place means protecting yourself and avoiding the potential expense and heartache of guardianship or conservatorship proceedings later in life.

3 Structure Gifts to Children

You want what's best for your children - all parents do! But leaving large sums to an 18 year old, or even 25 year old, may not end up giving your child the benefit you want. Structuring gifts to minor or young adult children means controlling their access to funds while providing for their future.



4

Consider Future Generations

For those with adult children, you may want to consider designating a portion of your estate to grandchildren or future grandchildren. For wealthy individuals, making gifts during life to a child's 529 plan or otherwise can mean a tax deduction now, while providing for a loved one's future.

5

Review Your Estate Assets

Your estate may be small - for now. But what happens in 15, 20, even 30 years? Where will your estate be if your investments continue to grow, you keep working, and save responsibly? Your estate plan should be designed to work now as well as in the future.

6

Review Life Insurance & Long Term Care

As part of an estate planning review, you'll want to analyze what insurance you have in place and whether it's appropriate for your situation. Most attorneys work closely with financial advisors who can review your insurance policies and investment strategy to make sure you have appropriate coverage in place. Life insurance can mean getting quick access to funds for funeral, burial, and other expenses so your beneficiaries don't have to worry about covering these expenses.

7 Involve Your Family

If you are upfront with your family members about your estate plan, your final wishes, and other important matters, it can mean less in-fighting and confusion down the line. Make your wishes clear so your beneficiaries don't have to worry or be surprised in the future.



8 Review Your Plan

While most estate plans are meant to grow with you, it's important to review your plan every few years to ensure it still aligns with your wishes. Your Advance Healthcare Directive and Durable Power of Attorney need to be reviewed frequently to ensure you have an agent, backup agent, and all authority designated appropriately.

9 Store Documents Safely

You should store your original estate planning documents somewhere that is safe and accessible while ensuring electronic copies are also stored safely. Make sure important people in your plan have access to copies of your documents now so they know what is in place and where to look for records. If you are choosing guardians for minor children, make sure they are aware of your wishes and are willing to act as guardians.

10 Ask Questions

Is a trust right for you? Do you need a simple will with guardianship provisions? What's a transfer on death deed? Sit down with an estate planning professional to make sure you understand all of the options available to you before deciding on a plan. You may have more options than you think.

If you have questions about your estate plan, contact our office for a free initial consultation and estate plan review today. Our experienced estate attorneys can evaluate your options, educate you on the process, and ensure your goals are met. Contact our office today for a free phone or Zoom consultation.