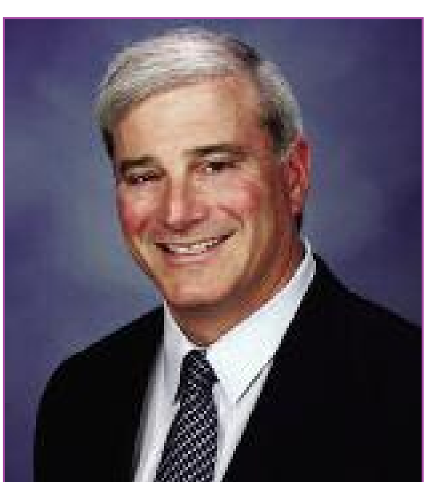
# Common Mistakes in Estate Planning

By Thomas R. Kaplan


**There has been so much talk** about the repeal of estate taxes that many people think there is no federal estate tax. This is not true. The threshold for imposing this tax was raised to $2 million per person for people dying in 2008, and the estate tax is scheduled to disappear for only one year—2010. In 2011, the estate tax is scheduled to reappear. All this talk about repeal has caused people to lose "focus" and to make some of the most common mistakes in estate planning.

**Mistake 1:** Failure to have a will or trust. Wills and trusts allow you to decide who will inherit your assets and to name guardians for your minor children. If you do not make a will, your state has standard laws, called 'intestate' laws, which will govern who will inherit your assets. Such laws may not match your desires.



THOMAS R. KAPLAN

**Mistake 2:** Failure to keep your will or trust up to date. Major life events such as marriage, divorce, having children, grandchildren or moving to a new state may necessitate changes.

**Mistake 3:** Failure to keep track of beneficiaries of IRA's, qualified plans and insurance policies. These assets require that you determine who will receive the benefits. Do you know for sure who your beneficiaries are for these assets? If you don't, you may have left these valuable assets to someone you no longer wish to receive them.

**Mistake 4:** Failure to plan for the liquidity of your estate. Most people don't realize that the costs to settle their estate may require liquidity-the ability to quickly turn assets into cash. Without sufficient cash to pay taxes or other expenses, your family may have to sell illiquid assets—such as family business or real estate at an inopportune time.

**Mistake 5:** Owning everything jointly with your spouse. It's very common for many married couples to own their assets "jointly with rights of survivorship." However, if your joint net worth is over $2 million, joint ownership could be an expensive mistake.

**Mistake 6:** Naming the wrong executor and/or trustee. Executors are called upon to collect assets, pay obligations, and distribute your assets. Your trustee must enforce all the provisions of any trusts you created. Did you choose people who have the knowledge, integrity and stamina in the face of pressure from family members to fulfill these obligations?

**Mistake 7:** Leaving everything to your spouse. For most people who may be subject to estate taxes, a relatively simple estate plan can fix this mistake and save hundreds of thousands of dollars in estate taxes.

**Mistake 8:** Failure to plan. The future is in your control, but you have a few decisions to make. How you structure your estate will affect your family. If you're a business owner, don't forget to plan for the succession and/or buy-out of your business, too.

Above all, don't be overwhelmed. You can take small steps to put your plan into place. Remember, though, that until you've taken action, you don't have an estate plan.

This article contains tax and planning techniques that should be reviewed by your personal tax adviser and attorney to determine if they are appropriate for your particular situation and comply with local law. stb

*—Thomas R. Kaplan is President of Kaplan, Krauss & Levine, LLC-Family Wealth Advisors; a Boca Raton based firm specializing in Financial and Estate Planning, Life Insurance and Annuities. Mr. Kaplan may be reached at 561-981-5400.*