

Annual Estate Plan Review

Life Changes. Your Estate Plan Should Too.

Estate planning is an ongoing, lifelong process. Your estate plan should be reviewed frequently to ensure your current wishes are known, your changing needs are addressed, and your long-term goals are achieved. An annual review provides you with the opportunity to consider your present circumstances and to modify your estate plan as necessary to ensure your wishes are carried out upon your incapacity or death.



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CHANGES IN CIRCUMSTANCE

Any personal or financial change in circumstance may warrant a change in your estate plan. If you have experienced changes in the following areas, your estate plan may need to be updated:

☐ Significant Life Events

Major life events such as marriage, divorce, separation, births, deaths, incapacity, relocation, and illness can significantly impact the effectiveness of your estate plan. Have you experienced changes in these areas?

☐ Financial or Economic Circumstance

Has your personal wealth increased or decreased since your estate plan was last updated? If your personal wealth has significantly increased, you may require more sophisticated planning to reduce or eliminate taxation. If your personal wealth has significantly decreased, you may have an unnecessarily complex estate plan which is no longer warranted.

☐ Asset Acquisitions or Sales

Have you purchased real estate in another state? Have you acquired new assets or sold existing assets? If so, you may need to retitle assets and/or update your beneficiary designations. Your estate plan will not function optimally if your asset ownership and beneficiary designations are not properly coordinated with your plan.

☐ Special Circumstances

Has a child developed a special need? Has a spouse become disabled? Have other special circumstances occurred which should be addressed in your estate plan?

☐ Long-Term Care

Are you now in your mid-50s? Studies suggest that age 55 may be the best age to apply for and buy long-term care insurance.

☐ **Name or Address Changes**

Has anyone named in your estate plan changed their name or address? If so, you do not need to change your estate plan, but you should provide me with updated information for the completeness of your file.

☐ **Responsibility for Others**

Do you anticipate being responsible for making medical or financial decisions for a parent, adult child, or loved one who becomes incapacitated? If so, does that person have powers of attorney in place designating you as his or her agent?

☐ **Life Insurance Needs**

Does your current life insurance coverage meet your current needs? Do you still need your existing policy or policies? Do you require additional coverage to meet your needs?

☐ **Adult Children**

Has a child turned 18? If so, your child is now a legal adult. Your estate plan may not need to be changed, but your child should now have his or her own estate plan, including powers of attorney and a Will.

☐ **Minor Children**

If you have minor children, who is designated as their guardian(s)? You should confirm that your Will designates the correct person(s) to care for your children after your death.

☐ **Goals and Objectives**

Have your goals and objectives changed since your plan was last updated? Do you wish to provide for an aging parent? Have your charitable inclinations changed? Do your children have families of their own? Would you like to provide for your grandchildren?

LEGAL ROLES

You have designated family members, friends, or professional advisors to fulfill various legal roles in your estate plan. Have your relationships with these individuals or institutions changed significantly since your estate plan was updated? Has anyone experienced a significant life event making it impractical or impossible to act on your behalf? If so, an update to your estate plan may be advisable.

☐ **Health Care Agent**

If you can no longer make health care decisions for yourself, the agent(s) designated in your power of attorney for health care will make decisions for you. Have you designated the correct individual(s) to make medical decisions should you become incapacitated?

☐ **Financial Agent**

If you can no longer make financial decisions for yourself, the agent(s) designated in your power of attorney for property will manage your non-Trust assets and financial affairs. Have you designated the correct individual(s) or institution(s) to manage your financial affairs should you become incapacitated?

☐ **Executor**

Your executor is responsible for administering your Will after your death. Have you designated the correct individual(s) or institution(s) to carry out the wishes set forth in your Will?

☐ **Trustee**

Your trustee is responsible for managing trust assets after your death and during your life if you become incapacitated. Have you designated the correct individual(s) or institution(s) to carry out the terms of your Trust?

GIFTS AT DEATH

☐ Will and Trust Beneficiaries

What individuals or institutions are designated in your Will and/or Revocable Trust to receive your property at your death?

☐ Division and Distribution of Assets

Does your Will and/or Revocable Trust reflect the correct division and distribution of your assets among your beneficiaries after your death?

☐ Outright Gifts or Gifts in Trust

Are your beneficiaries capable of managing their inheritances wisely, or should a trustee manage their assets until a certain age or event (such as graduation or retirement)?

☐ Distribution Timing

If your Will and/or Revocable Trust includes a trust for a beneficiary, does the Trust include the correct age(s) for distribution(s) to the beneficiary?

☐ Beneficiary Designations

Are your beneficiary designations (or pay-on-death designations) in order for retirement assets, annuities, insurances policies, and financial accounts? Never name a Trust or a minor as a beneficiary without consulting an attorney.

☐ Conflict Prevention

Do you suspect someone may challenge the provisions of your Will and/or Revocable Trust? If so, your estate plan can be revised to prevent or minimize potential challenges.

TAXATION AND GIFTING

☐ Tax Law Changes

Even if your personal or financial situation has not changed since your estate plan was last updated, changes in state and federal tax law may necessitate changes to your plan. For 2018, the Illinois estate tax exemption is \$4,000,000 per person, and the federal estate and gift tax exemption is \$11,200,000 per person. If you are single or married and own assets (including life insurance) valued in excess of \$4,000,000, you need specialized estate planning to minimize or eliminate state and federal estate tax, which may include generation-skipping trusts, annual gifting programs, irrevocable trusts, family limited partnerships, family limited liability companies, and more.

☐ Lifetime Gifting and Annual Gifting

For 2018, the annual exclusion amount is \$15,000. This means that in 2018, you may give up to \$15,000 to as many individuals as you would like free of gift tax. If you have a taxable estate, are you fully utilizing the annual exclusion amount, in conjunction with other strategies, to reduce or eliminate estate tax?

Trust Funding and Probate Avoidance

Is your Revocable Trust fully funded? Your Trust alone does nothing to avoid probate. Your Trust must be funded to avoid probate. This means that your assets, such as personal property, real estate, and financial accounts, are retitled in the name of your Trust. For convenience, I generally do not recommend that your Trust own your vehicles or primary checking account.



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