



## Wealth Planning Report

# Why Your Estate Plan May Need an Update

Estate planning—the process for deciding how you will transfer your wealth to heirs and others in ways that makes an impact—is important for anyone who wants to assure that their loved ones are adequately provided for and taken care of in the right ways. Done well, estate planning aims both to allow you to pass on your assets as you see fit, and to minimize the probate, state and federal tax bite that may accompany the transfer of significant wealth.

Even if you don't have family or are not subject to estate taxes, estate planning can enable you to better decide which people and charitable groups should receive your wealth at your demise. Failing to plan can mean that you will allow government officials to make your decisions—and you would be unlikely to agree with their decisions!

But if you think that your current estate plan already is well arranged, think again. Here are reasons why your estate plan likely needs refreshing.

### Most estate plans are outdated

First, some good news: Eight out of ten affluent individuals (those with investable assets of \$500,000 or more) in one survey by AES Nation had some sort of formal estate plan in place. Something may be better than nothing.

Here's the less sanguine news: Even if you have some estate planning, you may not be as well prepared as you think you

are for transferring wealth the way you want. That's partly because more than half of the estate plans of affluent individuals surveyed are more than three years old, many much older (see *Exhibit 1*).

Any longer than three years since the last review should raise an alert of outdated planning:

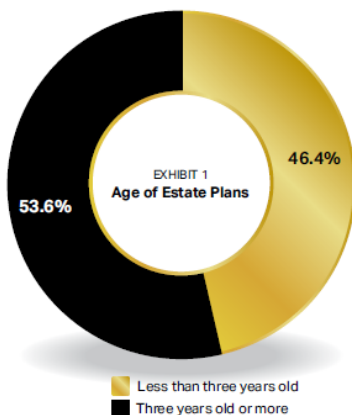
- Continual changes in tax laws mean that old estate plans may not be taking complete advantage of current opportunities to optimally transfer wealth.\*
- Tax law and regulatory changes since last signing documents could mean that some material aspects of an older estate plan are no longer effective or could be done better.\*
- Increases in your level of wealth could mean that your estate plan may no longer be appropriate for your financial situation—with new future needs and goals.
- Changes in your personal and family situation may make your estate plan inappropriate for accomplishing your goals given what has transpired.

### Many estate plans are stale

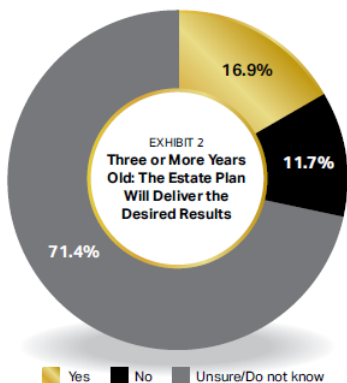
In order to gain the most benefit from estate planning, it's a good idea to revisit your legacy plan every three years, and more often whenever a major event occurs—or when events impact your resources or those whom you want to benefit.

Having a stale estate plan unreviewed can create uncertainty in wealth management matters. Example: The vast majority of individuals—71.4 percent—with estate plans that were three or more years old said they did not know whether their plan still would deliver the results they wanted, according to AES Nation (see *Exhibit 2*). Only 17 percent of this group said they were confident their plan would deliver the results they wanted. Surprisingly, nearly 12 percent admitted they knew their planning would *not* perform as desired, but had done nothing.

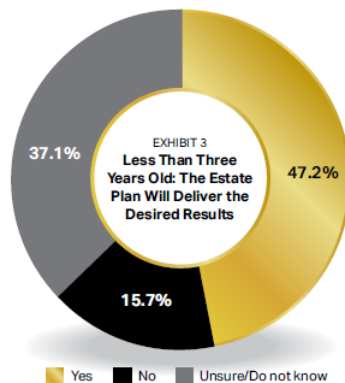
Updating your plan can provide a greater sense of confidence and peace of mind about the future. Consider those with plans that were less than three years old: Nearly half said they knew their plan would deliver the results they want (see *Exhibit 3*). About 15 percent said that their plan needed to be revised because, even within that short period, part of it would no



Source: AES Nation, LLC, 2018.  
N = 166 affluent individuals.



Source: AES Nation, LLC, 2018.  
N = 77 affluent individuals.



Source: AES Nation, LLC, 2018.  
N = 89 affluent individuals.

longer deliver what they desired. Even then, almost 40 percent did not know or were unsure about how their plan would perform. Likely they simply signed the basic paperwork thinking something was better than nothing.

A group of those with unreviewed older plans showed even worse results. AES Nation survey data still showed that a large percentage of people from both groups were uncertain about their planning effectiveness.

## Next steps to consider

Our conclusion from these findings strongly suggest:

- Have an estate plan in place to have a final say in where and how your wealth ultimately gets distributed.
- Don't let an older plan gather dust in a binder, folder, drawer, or in the cloud unreviewed or ignored.

A simple first step would be to meet with your professional advisor and review your brokerage accounts, insurance policy and work-related beneficiary designations and related powers of attorney. Very often, several things have changed, and these updates usually can be easily identified.

Your next step: If your estate plan has already been set up with an attorney, consider stress testing it to see if the structure you've arranged still achieves particular family wealth transfer goals (especially given any tax law changes) works as you want.

By stress testing your wealth planning periodically, you can assess outcomes your current plans would deliver under various scenarios, even some that seem unlikely. Many families use stress testing to evaluate existing strategies as well as evaluate strategies they might implement but that other professionals did not previously bring to their attention.\*

\*A qualified tax professional should be consulted on all tax-related issues.

This is an executive summary of our wealth management ebook.  
For a complimentary copy of our complete report, please [contact us](#).



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Paul founded Professional Financial Strategies, Inc. in 1993 as one of the first fiduciary planning firms that specializes in retirement and wealth management for affluent and aspiring families. Paul is a personal chief financial officer acting in best interest of clients. He brings together a proven process and a network of specialists for making informed decisions for systematic strategies, secure income, mitigating taxes, protecting assets, and preserving wealth for family and purposeful causes.

Mr. Hill received a BA with distinction from the University of Rochester and later an MBA in finance from its Simon School of Business. He earned an MS in financial services from The American College along with his Chartered Financial Consultant and Retirement Income Certified Professional designations, and then received an MS in financial planning from the College for Financial Planning (now at the University of Phoenix). The College for Financial Planning appointed him as adjunct faculty, and he taught at St. John Fisher College. Who's Who presented Paul with the Albert Nelson Marquis Lifetime Achievement Award, and featured him with others in *The Wall Street Journal* and other publications.

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