


10 Costly Estate Planning Mistakes & How to Avoid Them

PRESENTERS

DAVID COATES, ESQ.
Turp, Coates, Essl & Driggers

DAVID WORKMAN, CPA
FREEDOM Senior Advisors, LLC





Estate Planning Mistake #1

Not having a valid Will

- Dying without a valid will or revocable trust
- Believing that wills & estate plans are for the wealthy
- Not having a will that conforms to the laws of New Jersey

Action – Get organized, if you die intestate (without a valid will) you can create needless expense and confusion for your family. The court surrogate office will appoint someone to serve as the 'administrator' of your estate who may not be familiar with your final wishes.



Estate Planning Mistake #2

Selecting an Executor that is unwilling or unfamiliar

Selecting an Executor that is unwilling or unfamiliar with;

- the location of your will and assets
- the members of your family
- and your final wishes

Action - Choose a competent person that is familiar with your estate, to see that your final wishes are followed. Your Executor may need to hire professional realtors, appraisers, bankers, attorneys and CPA's to sell, account for and distribute your property according to your wishes.



Estate Planning Mistake #3

Not creating a Durable POA and Living Will

No one plans for disabilities such as; a stroke, Alzheimer's, a debilitating illness or an accident that may render us incapable of making decisions.

Action – Creating a “durable power of attorney” and “living will” enables someone to make decisions on your behalf concerning financial and healthcare matters that may be life or death decisions ..when you are incapable.



Estate Planning Mistake #4

Including a list of tangible personal property in your Will

Wills are usually drafted to dispose of classes of assets rather than specific assets. To list every item of (i.e. such as furniture, antiques, china, jewelry, pictures etc) and the beneficiary of each item, would be too burdensome.

Action – Create a “Memorandum” for the disposition of tangible personal property that may be incorporated in your Will by reference. This allows you to change the Memorandum without the need to revise your Will every time you acquire or dispose of a personal asset.



Estate Planning Mistake #5

Not creating a “Pour Over Will” if you have a Revocable Living Trust

A Revocable Living Trust may be used in lieu of a Will to transfer your assets, however, you may still need a Pour Over Will, for assets not covered by the Trust

Action – By creating a Pour Over Will in addition to the Revocable Trust... only assets not included in the Trust will be subject to the terms of your Will.



Estate Planning Mistake #6

Not using tax planning strategies

By not planning ahead your heirs may pay income, gift and estate taxes that could be avoided, including;

- ✓ Federal Estate Tax = over \$2million
- ✓ NJ Estate Tax = over \$675,000
- ✓ NJ Inheritance Tax = varies by class of beneficiary

Action - Meet with your CPA or Attorney to estimate the taxes that will be due upon your death and discuss tax reduction strategies that will work for you such as selection of beneficiaries, creation of trusts, gifting to family and charities.




Estate Planning Mistake #7

Life Insurance policies owned by the insured

Life insurance death benefits are subject to estate tax, if the deceased is also the owner of the policy

Action - Create an irrevocable life insurance trust ("ILIT") and transfer the ownership of the insurance policy to the ILIT. This removes the death benefit from your estate while preserving the benefits for your heirs.



Estate Planning Mistake #8

Incorrectly titling the property you own

When you jointly title property with someone like a son or daughter you are in effect transferring ownership and control to them during your life.

Action – Understand that titling of property and naming beneficiaries such as on insurance policies, IRA, bank and brokerage accounts supersedes instructions contained in your Will.



Estate Planning Mistake #9

Not gifting when you should or could

One of the most effective ways to reduce the size of your taxable estate is to make gifts to your favorite charities

Action – By gifting assets expected to increase in value, you will remove the future appreciation of each asset from your estate, thereby reducing your future estate tax liability.

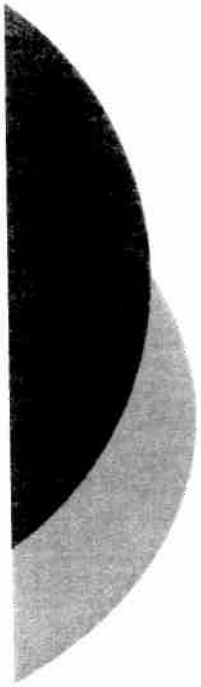


Estate Planning Mistake #10

Doing it yourself or hiring a generalist

While the internet and software has made many estate planning forms and do-it-yourself kits available...they may not conform to New Jersey state laws or carry out your wishes as planned.

Action – Don't be penny wise and dollar foolish. Creating a cohesive estate plan is an important act with significant and irreversible financial consequence if not done properly...accordingly you should hire someone that is experienced and knowledgeable.



Yogi's wife Carmen asked, "Yogi, you are from St. Louis, we live in New Jersey, and you played ball in New York. If you go before I do, where would you like me to have you buried?" To this, Yogi replied, "Surprise me."

Yogi Berra



Review your estate planning documents and beneficiary designations annually

....and have your attorney look at your will every two or three years



Questions & Answers



THANK YOU..... for coming today!

...let us know if we can assist you with the updating
of your will and estate plan

David S. Workman, CPA, CSA
Freedom Financial Advisors
(609) 291-8363

David Coates, Esquire
Turp, Coates, Essl and Driggers, P.C.
(609) 448-0016