

Do not forget to update estate plans

Written by Australian Business

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Many people hesitate to make estate plans. Some are overwhelmed by the process and do not know where to begin. Others do not want to think about death and avoid the task. Once people do manage to complete their estate plans, many believe that they can cross it off their "To Do" lists and never think of it again. However, estate plans require consistent review to ensure that they continue to meet peoples' needs. People should be aware of how frequently they should update their estate plans and what could happen if they fail to do so.

Life changes

Experts recommend reviewing estate plans at least every five years. At a minimum, people should review their estate plans when they experience significant life changes. Some of the milestones that people experience that should trigger estate plan reviews include:-Marriage.-Birth or adoption of a child.-Divorce.-Marriage of a child.-Birth of a grandchild.-Death of a beneficiary.-Significant change in financial status.-Selling or buying a business.-Purchasing real estate.

If people do not update their estate plans, they could inadvertently eliminate people as heirs or give their assets to people they do not want to inherit, such as former spouses. Estate plans are also useful business planning tools, for establishing how the business will carry on after the owner passes, so a person needs to include this information in estate plans after purchasing a business.

Law changes

Another reason to review estate plans regularly is to assess the impact of any changes in the law on the plans. Tax laws change frequently, and it is important to make sure that estate plans comply with them. People can also determine whether they are taking advantage of all the options available to them to protect as many of their assets as possible from estate taxes.

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For example, in 2013 the law changed so that the federal estate tax exemption is permanent, set at \$5.25 million and will increase for inflation each year. People also may give tax-free gifts of up to \$14,000 each year. People may need to adjust their estate plans to account for these changes.

Speak with an attorney

The best way to update estate plans is to meet with a skilled estate planning attorney. An estate planning lawyer will be aware of the necessary adjustments that people need to make to their estate plans and will be up-to-date with changes in the law that impact estate planning. If you have questions about reviewing your estate plan, contact an experienced estate planning attorney who can discuss your situation.