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10 REASONS TO UPDATE YOUR ESTATE PLAN

Many people tend to believe that estate planning is something they can do once, and it is done. They made decisions several years ago about who should receive their assets after their death, who should serve as executor to administer their estates, and who should be the guardians for minor children. Congratulations on getting this far; however, you are not done forever. It is essential to review and update your estate plan periodically to ensure that it aligns with your current situation and wishes.

Here are 10 reasons to update your estate plan:

1. A CHANGE IN FAMILY DYNAMICS

One of the most common reasons to update an estate plan is a change in family dynamics. This could include a birth of a new child or grandchild, a death in the family, a marriage, or a divorce. These changes can have a significant impact on your estate plan, and it is essential to ensure that your plan reflects your current situation and continues to work as you intend.

Example. If your children were young when you first created your estate plan, you may have opted for flexible planning that created trusts for their benefit that would allow access to trust funds for health, education, maintenance and support (HEMS) and may distribute the principal at a certain age (commonly, age 40). If your children are now getting married and having children of their own, you may be concerned about potential divorce and creditor protection – or ensuring that assets pass to grandchildren one day. Updating the terms of the trusts with additional structure and safeguards may be a preferable strategy at this stage.

2. A CHANGE IN FINANCIAL SITUATION

Another reason to update your estate plan is a change in your financial situation. This could include retirement, an inheritance, a business transition, or a substantial increase in your net worth. These types of changes can mean a change in the size of the inheritance you may leave to your beneficiaries, and it could mean a difference in your exposure to estate tax. It is therefore crucial that your plan reflects your current financial situation and is the right “fit” for you.

3. THE PURCHASE OF OUT-OF-STATE REAL PROPERTY

If you purchase out-of-state real property, it is important that your estate plan properly accounts for this new asset. Given that states have different estate planning laws, property laws (e.g., “community property,” homestead, etc.), and estate tax regimes, it is essential that your plan aligns with the laws of the state where the property is located.

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Another issue arises when the purchase of out-of-state real property is considered a family vacation home. That can be a thorny issue that merits careful discussion with your estate planning attorney.

Example. We often see situations where a client either has an interest in a family vacation property or buys a property with the intention of creating a vacation property to be used for generations to come. Complications arise when discussing proper ownership of this property – should it be owned outright, by a trust or LLC? Who will use the property and when? Who pays for the expenses. How do you avoid ancillary probate and minimize estate taxes?

To read more about planning for a family vacation property, read [this advisory](#).

To read more about owning property in multiple states, read [this advisory](#).

4. A CHANGE IN SELECTED FIDUCIARIES

Your estate plan should designate fiduciaries to manage your affairs in the event of your incapacity or death. These could include health care agents under an advance medical directive (also known as a “health care proxy”), executors under a will, and trustees of any trusts you have created. If your selected fiduciaries are no longer able or willing to serve, it is important to update your estate plan to reflect new choices.

Example. Many younger clients will name their parents as their fiduciaries. As their parents age, it may be beneficial to replace them with siblings, friends or other relatives who are younger in age. The same is true of older clients who have selected their siblings as fiduciaries; it may be beneficial to replace them with children. In either case, we always recommend appointing successor fiduciaries to take the place of the primary fiduciaries if they are unable or unwilling to serve.

5. IT HAS BEEN MORE THAN FIVE YEARS SINCE YOU REVIEWED YOUR PLAN

Although this is #5 in our list, it might as well be #1 because it is the easiest reason to plan for. We recommend you review your estate plan periodically to ensure that it aligns with your current situation and wishes. If it has been more than five years since you have taken a look at your estate plan, review it with your estate planning attorney to ensure that it still reflects your current situation and wishes.

6. CHANGE IN TAX LAWS

Tax laws are constantly changing, and although your estate plan may still work (if it includes some built in flexibility), there may be tax advantages that you lose out on if it does not align with the current tax laws. With proper updates, an outdated estate plan should be updated to avoid unintended consequences and unnecessary taxes.

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Presently, the federal estate, gift, and generation-skipping transfer (GST) tax exemption is \$13.61 million per taxpayer. With proper planning, a married couple can shield a total of \$27.22 million from federal estate, gift, and GST tax in 2024. Absent any new legislation, these higher exemptions are scheduled to sunset on January 1, 2026, and revert to 2017 levels (with an upward adjustment for inflation). As indexed for inflation, we anticipate that the exemption will revert to approximately \$7 million for individuals and \$14 million for married couples in 2026. Strategic lifetime gifting can provide a way to take advantage of the higher exemption amounts now, before that opportunity is lost in 2026.

Example. If we consider the case of an unmarried individual whose estate is valued at \$20 million, and who has not previously made “taxable” gifts, the individual could make a gift of \$13.61 million in 2024, thereby removing that amount from the individual’s estate without exceeding the exemption and therefore without paying tax. At that point, the individual’s “taxable estate” would be valued around \$6.39 million, all of which would be subject to estate tax on the individual’s death. (The individual would have used up all the available federal exemption by making the gift.) Assuming no growth on the remaining assets, the federal estate tax liability on the individual’s death would be \$2.56 million.*

However, if the individual from the example above does not make any lifetime gifts and dies after the sunset in 2026, then the taxable estate would remain at \$20 million, and if we assume an exemption of \$7 million on the individual’s death, then the federal estate tax liability would be \$5.2 million, or more than double the tax liability from our example above. This is why we suggest clients with higher net worth should consider the benefits of strategic lifetime gifting.

** The above numbers relate to the federal estate, gift and GST tax exemption. For individuals who live in a state with a state estate tax, there may be additional factors – and additional tax liability – to consider.*

To read more about the current tax landscape and changes in 2026, read [this advisory](#). To listen to a podcast episode on opportunities and challenges ahead, listen to [this episode](#).

7. CHANGES IN YOUR HEALTH

For many people, when you experience a health scare, it puts things into perspective. You may consider who will care for you if you are incapacitated, and who will inherit your estate after your death. If you experience a significant change in your health, it may be beneficial to revisit your power of attorney or medical directives, which designate who will take care of you, and to review the distribution of your estate after your death.

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This publication is a summary of legal principles. Nothing in this article constitutes legal advice, which can only be obtained as a result of a personal consultation with an attorney. The information published here is believed accurate at the time of publication, but is subject to change and does not purport to be a complete statement of all relevant issues.

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8. CHANGES IN YOUR CHARITABLE GIVING

Clients with philanthropic wishes may already serve on boards of charitable organizations and endow sums of money to these and other institutions. Many of these clients also name charitable organizations in their estate plans to receive a portion of their estates after their death. Therefore, it is important to recognize if your charitable giving priorities have changed and update your estate plan accordingly. This could include adding or removing beneficiaries from your estate plan, funding endowment pledges, and establishing donor advised funds.

Example. Clients routinely express that their charitable wishes have shifted over time. For example, some clients will express a wish to prioritize small or local charities, where their impact might be maximized. Other clients will cite shifting missions of certain charities, or changes in the clients' priorities in light of current events. It is simple enough to review your current estate plan to confirm that any named charitable beneficiaries – and their respective shares – remain consistent with your wishes.

9. CHANGES IN YOUR BUSINESS INTERESTS

If you are a founder of a business, a partial owner in a family business, or an investor in one or more businesses, it is essential to ensure that your estate plan addresses the distribution of your business interests. This could include updating your business succession plan or changing the beneficiaries of your business interests.

Example. Let's assume you own a family business, and you have three adult children. One child has taken a leadership position in the business, another child has a limited degree of knowledge and involvement in the business, and the third child has shown little interest in assuming any responsibility in the business. Many clients opt to treat their children equally under their estate plans. However, in this case, would it be "fair" to divide up the family business in equal shares, or should a child who has taken a leadership position receive a greater interest in the business at your death? Should you consider gifting interests in the business during life? How much should you tell your children in advance about your intentions, to hopefully avoid any misunderstandings or friction later? These questions and many others related to business succession planning are important factors to consider when forming and updating an estate plan.

10. CHANGES IN YOUR WISHES

Finally, and perhaps most importantly, if your wishes have changed, it is important to update your estate plan accordingly. For many, your relationships with family and friends will change over time, and your estate plan should reflect your current wishes and desires. You should consider the potential effect your estate plan would have if it is left unaltered and outdated.

Estate planning is an essential aspect of life that requires periodic updating to ensure that it aligns with your current situation and wishes. By doing so, you can minimize the risk of unintended consequences and unnecessary taxes. Please reach out to your Wiggin and Dana attorney to review your estate plan and determine whether updates are needed.