FinancialPlanning

Estate Planning: Help Seniors Avoid These Mistakes

by Katie Kuehner-Hebert
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What could go wrong if clients don't plan, or talk about their final wishes with their kids? A great deal, planners say.

If clients don't communicate their end-of-life plans with family members, it could elicit resentment and fairness issues that date "all the way back to childhood," says Ashley O'Kurley, a certified financial planner in Miami.

"While it may be common for parents to divide everything equally, some of their children may feel they should get more because they took care of the parent when they got sick or for other reasons," O'Kurley says. "That's why it's important for parents to communicate their wishes well ahead of time, to give all concerned plenty of time to digest the parents' wishes and talk their way through the emotional issues that may arise. I sometimes encourage families to incorporate the services of a counselor to help facilitate better understanding for all stakeholders."

Indeed, conflict between children can develop that might never be repaired because of disagreement on what their parents actually wanted, says Kevin Meehan, advisor and regional president of Wealth Enhancement in Itasca, Ill.

While the contents of one's will are private, it is important that aging parents discuss their final wishes with their children, so they can make sure their assets are titled appropriately, says *Claudia Mott, a planner at Epona Financial Solutions in Basking Ridge, N.J.* There are online estate planning checklists that are easily accessible to provide a helpful guide, but at a minimum, the children should at least know where the parents' accounts are held.

"It is estimated that over half of American's pass away without a will and therefore no instructions about how their estate should be settled," Mott says. "Dying 'intestate' means the courts will determine how assets and liabilities will be disbursed to family members that aren't already titled with a beneficiary, such as life insurance and retirement accounts."

Incorrect or incomplete beneficiary designations can also cause assets to be distributed inappropriately, as recipients are often named when accounts are opened or policies purchased, but can then change. Mott encourages her clients to periodically review their designations.

She also advises clients to plan ahead to make sure there is enough cash to cover all of the costs associated with their passing, in an account that their families can easily access.

If not, "it could be months before an account can be accessed for these purposes."

Katie Kuehner-Hebert is a writer in Running Springs, Calif. She's contributed to American Banker, Risk & Insurance and Human Resource Executive.