



## **AVOID ESTATE PLANNING MISTAKES**

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Having worked for nearly twenty years in the areas of wealth management and estate planning, I have seen plenty of estate planning mistakes. Here is a list of some of the most common ones to avoid:

### **1. Not Having an Up-to-Date Estate Plan**

If you don't have estate documents, like a will or living trust, the state decides who gets your assets and it may not be what you intend. If your estate is at all complicated, consult with an attorney who specializes in estate planning. You will need a will, but you may also need a trust, a Health Power of Attorney, a Financial Power of Attorney, and properly documented beneficiary designations on all retirement plans, life insurance policies, annuities and the like. Finally, be sure to document your burial preferences.

You only need to think of cases like Anna Nicole Smith and Terry Schiavo to understand the importance of committing your wishes to paper so there is no misinterpretation by hospitals or family members.

### **2. Choosing the Wrong Trustee, Executor, or Guardian**

These are vital decisions. You want to find someone with similar values to be guardians to your kids. For the trustee's role, you need someone with enough financial savvy to manage your money. For executor, you must have someone who is both competent and willing to put in the time necessary to properly settle your estate.

Don't agonize. Organize.  
**Florynce Kennedy**

### **3. Not Funding Your Trusts**

Once your trust documents are in place, do not fail to re-title your financial accounts and fund your trusts. If you don't, your carefully crafted estate plan may be moot. We see this all the time and it's just follow-through and attention to detail that makes for an effective estate plan.

### **4. Not Communicating Your Estate Plan with Your Family**

Many people don't want to talk estate planning with their kids or other family members. As uncomfortable as it may be, explain your estate plan to your family while you are alive. This makes things smoother when you're gone and serves to avoid unnecessary feuding.

Have an heir whom you specifically do not want to inherit any of your assets? Attorneys recommend leaving \$1 to that person to make it clear you did not simply forget to mention him in your will (or trust).

## **5. Leaving a Mess**

Get organized so your trustee and family members can easily locate all your important documents and assets. We coach clients to keep everything in one or more organizational binders and we maintain hardcopy and electronic copies of all the documents as a back up for our clients.

## **6. Not Coordinating Beneficiary Designations**

Many people do not realize that a will or trust may not control their assets. For example, even if you have a will that leaves everything to your spouse, if you have a life insurance policy (or own real estate in joint tenancy with rights of survivorship) that specify someone other than your spouse as beneficiary, your spouse will not be entitled to it. Imagine your current spouse's reaction if he or she discovers that your ex-spouse is the beneficiary of your retirement account or life insurance policy!

Whenever you update (or create) your estate documents, go through all your life insurance policies and work-related benefits, such as retirement plans and even stock options, to see if the people listed as beneficiaries are still those you would choose today.

These are some important steps to take to ensure that your estate plan is set up to be executed exactly as you want it to be. Next month, I'll cover estate tax issues.

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