

# The DAILY PLAN-IT<sup>TM</sup>

Volume 20, Issue 22

## ***5 Estate Planning Tips for Blended Families***

Divorce and remarriage are common. Blended families bring an extra challenge to estate planning, and it's important for us to remind clients to have those difficult conversations with loved ones if they're contemplating another marriage.

Here are five tips to help clients resolve financial concerns in blended families.

### **Consider a prenuptial agreement**

A client becoming part of a blended family can protect his or her goals and financial resources by entering into a prenuptial agreement with the new spouse. While a prenup may not be necessary for couples entering a first marriage, for a second marriage or any more after that there are all sorts of complex issues that may make such an agreement not only useful but necessary.

Before getting hitched, your client should discuss estate issues with the new intended spouse. A prenup ensures that both parties enter into the relationship with a clear understanding. This can protect not only your client, but their loved ones as well.

### **Define accounts**

We encourage newly married couples to clarify any ground rules up front regarding "yours," "mine," and "ours" in order to avoid confusion. It's important that they each have a good understanding of the new blended family's finances. Many clients will start out having separate accounts, primarily using them to pay for personal expenses, including those for children from a previous marriage.

If they maintain a joint account for ongoing expenses as a couple, it's important to discuss how much each spouse is going to contribute monthly - an equal amount or a percentage. Since financial circumstances change due to job loss, business ownership or promotions, couples should revisit this arrangement regularly to ensure that it still meets their needs. Keeping up clear, consistent and frank communication about finances truly helps to prevent misunderstandings.

## **Keep medical documents current**

Who gets to make end-of-life decisions? If your clients don't put their wishes in writing, their loved ones can be left with legal disputes and family fights at one of the most difficult times in their lives.

If your client is entering into a new marriage, make sure to talk with him or her about this issue. Children from a previous marriage may have very different ideas about what should be done in the event of your client's incapacitation than a step- or half-sibling. Without specifying those wishes in a living will, also called an advanced healthcare directive, there can be costly legal battles and anguish for loved ones.

## **Modify the trust and will**

In our experience, the ugliest family disputes that occur after someone passes away are not about money but possessions with sentimental value. Even the smallest item can have a significant emotional value, and squabbles over these belongings can cause rifts that are difficult to heal.

Trusts should be as specific as possible about what each beneficiary is to receive. This will eliminate potential infighting among siblings and between your client's surviving spouse and children from a previous marriage.

If your client wishes to leave assets to stepchildren, it's important to include those directives in the trust or will. Stepchildren are not generally considered your client's legal heirs, and they won't inherit anything without being named in these documents.

Estate plans can also become complex when a client wants to provide for his or her surviving spouse and still give the children access to inheritances as soon as possible.

If your client has children by a previous marriage, a trust can be a good way to protect their inheritance. It can also be used to help ensure that any previous spouses or step-children who were part of that marriage are not inadvertently disinherited by the new relationship.

Without getting those wishes in writing, clients can leave their loved ones unprotected and without financial support unintentionally.

## **Talk to professionals**

Experienced estate planning attorneys understand the unique challenges facing blended families. If you have clients who need to discuss the use of trusts or other asset protection strategies, please contact our office. Encourage them to be open to these discussions and to communicate clearly with loved ones about their final goal: a happily blended family that remains a family after the parents have passed.

Finally, marriage should be a time for families to come together and rejoice. Blended families

can be strong and supportive environments for everyone. However, a large part of that comes from everyone feeling that they are taken care of when a loved one passes away.

We hope this information is useful to you and helps your clients and their families. If you have a specific case or a question, please don't hesitate to call our office.

**©2017 All rights reserved.**

**No portion of this newsletter may be reused in any way without prior express written consent.**