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Estate Planning Protection: Keeping Your Plan Safe from Family Influence

A 5-Step Guide to Help Prevent Family Manipulation

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Inheritances can go awry sometimes.

Parents usually aim to divide their assets equally among their children, but imagine a situation where two children end up with most of their parents' substantial assets, leaving the others with almost nothing. Trying to resolve this in court is tough—it's costly, it can tear the family apart, and proving that an inheritance was stolen is challenging.

I know because it happened to me.

How to Protect Your Inheritance From Manipulation

Most people don't believe their kids would manipulate an inheritance for their own benefit, but it happens more often than you think. Sometimes, the temptation of money can override ethical behavior. So why risk it with your assets?

Having a plan in place can ensure your assets are distributed exactly as you intend. Here are five-points that can help you during the process:

A Five-Point Strategy

1 **Plan**

Begin by finding an experienced estate attorney.

Share your wishes with them, and they'll suggest the best tools for your situation, such as wills, trusts, and more. For straightforward estates, a will might be all you need. However, for more complicated estates, trusts can offer greater privacy and control.

Your estate attorney can help you determine which is the right choice for you.

2 **Inform**

Decide whether to discuss your estate plan with your kids. There are pros and cons to consider:

Discussing your estate plan with your kids has pros and cons. While it can provide clarity, prevent future conflicts, and help prepare them for their roles, it may lead to disagreements and stress up front.

An estate planning attorney, drawing from their experience with other families, can help you make this decision.

If you choose to share your plans with your adult kids, such as how you intend to divide your estate, you don't need to disclose specific dollar amounts.

Additionally, consider adding an "inform" disclosure that requires any changes to the legal documents to be communicated to all beneficiaries. This provision can deter anyone from altering documents for personal gain.

3 **Safeguard**

This step involves selecting a trustworthy trustee who will follow through on your estate plan wishes. In this role, this person or company will be in charge of implementing your wishes after you die according to the estate plan.

With trusts, you can appoint more than one trustee. Doing so can help navigate complex family dynamics or conflicts of interest, providing a neutral balance of power.

Trust administration can be time consuming and complex. Outsourcing this responsibility to a professional third party can provide impartial decision-making and free up time and effort for beneficiaries and other family members. Many financial institutions have extensive resources dedicated to trust administration.

4 **Execute**

Execution involves making sure your assets are properly titled, e.g., real estate, bank accounts, or investments.

Having your assets titled in a trust means transferring ownership of those assets from yourself individually to the trust entity. This allows for efficient management, distribution, and protection of assets according to your wishes after your incapacity or death.

Assets that aren't properly titled may not be governed by the terms of the trust and could still be subject to probate or other legal complications upon the individual's incapacity or death.

5 **Review**

An estate plan trust should be reviewed periodically to ensure it remains up-to-date and aligned with the grantor's wishes and current circumstances. While there is no one-size-fits-all answer to how often an estate plan should be reviewed, it's generally recommended to review the plan and trust at least every three to five years, or more frequently if there are significant life changes or events.

A Proactive Approach Can Help Safeguard Your Wishes

Those with any amount of wealth should be aware of the potential for inheritance manipulation by family members, as it can pose significant risks to the preservation of their assets and family harmony. While not all families experience inheritance manipulation, it's prudent for wealthy individuals to take proactive steps to safeguard their estates and minimize the risk of disputes.

Next Step

Find a professional, experienced estate planning attorney. Your financial professional may be able to help you find one.

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Ms. Hetzer offers portfolio management services to a wide range of investors, including individuals, trusts, corporations, and ERISA-qualified retirement plans. With nearly 23 years of experience at major Wall Street firms, she founded her own independent investment advisory firm, Royal Palms Capital, LLC, in 2005.