

When to review estate plans

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Now that you, a Naperville resident, have completed your estate planning process with your lawyer, you are certainly pleased that you have made tough decisions for your estate planning, such as who should act as trustee, who should be the guardian of any minor children you may have, how you are protected in the event that you become disabled, to name just a few.

Your attorney also has made the transfers of your property to your living trust, and you feel that you are finished.

Are you?

The truth is that just as life is a "work in progress," so is your estate plan. Most attorneys will tell you that your estate plan will need review and perhaps changes in about five years. If this seems like a short time, take a moment to remember what your life was like five years ago or even 10 years ago. You might have children who were young 10 years ago but are now of age. You might have grandchildren, or your children may be married to someone who likes to spend money or has some other issue that you find objectionable. You may be worth significantly more money today than you were then. Your estate plan must be adjusted to keep up with all of the changes that have occurred in your life. The same will probably occur in the next five years.



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There also have been significant changes in the federal estate tax system. For instance, five years ago, your estate was subject to federal estate tax for everything more than \$1 million in total value. In 2009, that figure moves from \$2 million to \$3.5 million. Ten years ago, the figure was \$600,000. What will the amount be in 2015? We don't know at this point and probably will not know for awhile.

If you are in the habit of making gifts to children and grandchildren, the annual gift tax exemption has been increased to \$13,000 per recipient in 2009, which is higher than what it was five or 10 years ago. How does this affect your estate planning?

In view of the tough economic climate today and the steep drop in the stock market, it is challenging to determine what anyone will be worth five years in the future. This impacts the needs and lifestyle of your children, spouses and other family members. How comfortable will they be financially? How well will they be able to handle an inheritance from you? Will you be selling your business? What lifestyle will you want in retirement?

Apart from changes in the tax law, when should you look to revisit your estate planning choices? This may vary from person to person; however, most people review their choices at the birth of a child or grandchild, the death of a spouse or a child, your divorce or remarriage, a substantial change in your financial net worth, such as a receipt of a substantial inheritance, your retirement, a move to a new state or finding that your child or grandchild has a disability and may be eligible for public benefits or medical care.

If any of these changes occur in your life, be sure to let your attorney know to determine how these will impact your estate plan. This will be the best way to help keep your estate plan current with your life, as well as the law.

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