

# How to Avoid the Most Common Estate Planning Mistake

The most common estate planning mistake may surprise you.

"The mistake actually isn't part of the will and trust, said Dan Prebish, head of life services events at Wells Fargo Advisors, based in St. Louis. "It actually has to do with beneficiary designation."

Prebish said people sometimes fail to designate who will gain control of various assets upon one's death. "It's not uncommon to find that someone still had their ex-spouse named" as the one to receive control of the asset, he added.

However, the fix is easy. When changing the beneficiary on a retirement account, for example, the update is as simple as filling out a form. Prebish said communication with one's heirs is key, given the uncomfortable nature of estate planning.

"Surprises are what breeds hurt feelings and even litigation," he said. "Find a way to explain this to your children or heirs."

He says the starting point to any successful estate plan is a will, which is a legal document that delineates which heirs are to receive which assets or properties you own. "Talk to a local attorney to draft a will," Prebish added. "I know people are tempted to go to the Internet and write their own."

He said the online programs can be helpful. "But if you gave me a Stradivarius, it wouldn't sound good because I don't know how to play the violin," he added. User error is typically how things go wrong when drafting wills without the help of an attorney.

Another factor to keep in mind: taxes. "An individual who has a total estate of less than \$5.45 million in 2016, won't pay any Federal estate tax," he explained. "Above that, we're talking about a 40 percent flat rate." These thresholds were raised slightly for 2016 and stood at \$5.43 million in 2015.

Regardless, federal estate tax generally doesn't matter to the majority of the American public, Prebish said. That's because one would need an estate worth over \$5.45 million in order for Federal estate tax to kick in. Keep in mind, however, that individual states have different thresholds -- some in the sixfigures, which may affect a wider demographic.

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