

Common Mistakes of Will Planning

Wills do more than distribute our stuff after we die. They also give our heirs a final, lasting impression of us and our intentions. That can be a good thing, if we've planned carefully and executed our estate plan meticulously; or it can be a disaster if we've made one of these common blunders:

1. Not Having a Will

All of us have something we care about: our spouses, our kids, our pets, the unrestored '66 Mustang in the back shed. Not having a Will means that the State decides what happens to them. That can leave survivors vulnerable to contentious lawsuits, confusion, and the heartache that we didn't love them enough to plan for their futures, said attorney Colleen Barney, co-author of *Best Intentions: Ensuring Your Estate Plan Delivers Both Wealth and Wisdom*. If you really don't have much or don't expect anyone to fight over what you have, Will-making software can do the trick. If your estate is larger or your family is contentious, invest in a lawyer's help. A simple Will should cost about \$200. A more complicated estate plan, including a life trust, can run \$1,500 or more.

2. Not Updating a Will

Life is nothing if not change. Your family, possessions, and wealth can grow and shrink. The rules can vary as well: Congress is constantly fiddling with estate tax laws, while court and IRS cases can alter how those laws are interpreted. Each state has different laws, as well. Have your Will reviewed after every major life change and interstate move. If your estate is large enough to worry about estate taxes (\$2 million in 2006), reviews would be appropriate at least every few years and again after major estate tax legislation.

3. Naming the Wrong Executor

This job is a real pain in the patoot. You need someone who is calm, honest, organized, and, most importantly, willing to serve. Make sure you discuss the job requirements with your candidate and get his or her consent first, then include an alternate or two.

4. Naming Couples to Serve as Guardians

Your sister is great with kids, but what if she divorces, or dies in the same accident that claims you and your spouse? Are you comfortable having your children raised by your beer-swilling brother-in-law and whoever he marries next? If the answer is yes, name your sister as your first choice for guardian with your brother-in-law as backup. If not, find another alternate.

5. Naming the Same Person to Serve as Guardian and Trustee

Skills with children and money aren't mutually exclusive: The person you may trust most with your children could be hopeless with managing finances. Having separate people as guardian of the kids and trustee of their money can put an important check-and-balance system in place; it will be tougher for your guardian to burn through your child's money, for example, if he has to justify his bigger expenditures to an outside party.