

Estate and Wealth Planning Checklist

Finding opportunities to help your clients and deepen your relationships through estate planning

Adding value to a client doesn't have to be complicated; sometimes, it's as simple as making sure your client's loved ones are taken care of if something were to happen to your client.

What Is Estate Planning?

Estate planning encompasses two types of planning: (1) foundational estate planning, which is a “starter pack” of legal documents in case the client is incapacitated, unavailable, or has passed away, and (2) wealth or tax planning, which is tax- or control-driven transfers into trusts, entities or accounts. Every single one of your clients needs a foundational estate plan – and knows it. You can deliver massive value just by helping them check that box off. Then, you can graduate your client into the more complex transfers if they need it.

What Comprises the Foundational Estate Plan?

Every client (and their spouse or partner) should have the following “starter pack” estate plan. The exact name of the document varies by state.

1. **Will**
2. **Revocable or Living Trust**
3. **Advance Directive** over health care matters
4. **Durable Power of Attorney** over financial matters

Review the legal documents alongside all beneficiary designations (e.g., IRAs, 401(k)s and life insurance) and right of survivorship designations (e.g., WROS on financial accounts and real estate). These designations override the Will or Trust, which may come as a surprise to your client. Designations are often used as stop gap solutions until someone has a proper Will or Trust, at which point the designations may be removed in favor of the estate or be “funded” (i.e., transferred) into the Trust.

¹ An attorney or digital estate planning platform like Wealth.com can help your client determine if a Trust is more appropriate than a standalone Will. The key consideration is whether avoiding a full-blown probate process, including privacy, is important to your client.

New Client Checklist

Ask whether your client has an existing estate plan, document by document.

If yes, ask how they created their estate plan (e.g., lawyer, LegalZoom), how long ago it was last updated, and about their experience.

If no, ask about your client's existing resource for estate planning (e.g., legal insurance through employee benefits) and what their experience has been with estate planning thus far.

Prepare a comprehensive list of all assets that could be included in their estate (the so-called "**Death Worth**" report)

A business will have to be valued upon death.

Ask about the estimated value if no appraisal is available.

Any significant inheritance and any trust benefitting your client should be recorded.

Consider if the death worth indicates a **taxable estate** at the federal or state level (see below).

Even the assets of an irrevocable Trust can be included in the taxable estate of your client, as beneficiary, if not set up properly. Your client may also have the power to direct Trust assets to their preferred beneficiaries through their own estate plan. Have your client consult with an attorney if the Trust holds more than \$200k.

Ask for and record all beneficiary designations on each individual asset.

This can be found in the title on the account, ownership deed, or by reaching out to the plan administrator.

Understand your client's thoughts on retirement and disability, and who their dependents are, if something were to happen to them.

Consider whether life insurance and/or disability insurance is appropriate.

Existing Client Checklist

Review your client list for anyone who does not yet have an estate plan.
Add this item to your next meeting agenda.

Review your client list for anyone who has an estate plan, but needs an update.
Add this item to your next meeting agenda.

Common reasons to update:

Older Plan: The Will or Trust is at least 7 years old.

Move: Moving across state lines means the estate plan must be optimized for that state's local nuances and migrated onto forms that local banks and hospitals are more likely to accept.

Change in Marital Status: Getting married or divorced will have huge consequences on the estate plan. Spouses may have guaranteed rights over each other's assets at death, which must be addressed in an estate plan, prenup or other agreement.

New Child: The new child may automatically be included in the distributions, but this is not a given, in which case the child will be left out. The client should also name guardians for those children and set up, at a minimum, simple trusts created only if the client dies so someone can manage the children's finances until they are old enough (the so-called "**Holdback Trust**").

Investments in Certain Assets: Certain asset classes (e.g., real property in a state other than the client's home state, a closely-held business, or significant cryptocurrency) may result in a trickier estate administration process, and the estate plan should be updated to address these issues.

Taxable Estate: At a minimum, your client needs an estate plan that forms tax-advantaged subtrusts at death (e.g., bypass or credit shelter trust). More advanced planning techniques to freeze the estate value and transfer wealth to others during your client's life may also be appropriate (e.g., qualified charitable distributions, 529 accounts and gifting trusts).

Keep an eye not only on the federal estate tax threshold, but also on state-level tax thresholds, which tend to be much lower and may apply to non-residents who own real property in that state. See below, Federal and State-Level Estate Tax Exclusion Amounts (2023).

Change in Net Worth: A significant decrease or increase in net worth is cause for reviewing the estate plan.

With a decrease, review for ability to pay expenses, taxes and debts in the case of disability or death, as well as the gifts to make sure that dependents are provided for. Asset protection planning may be available, but consult with an attorney.

With an increase, consider more advanced planning techniques like gifting, tax-exempt trusts.

Prepare an annual report for your client outlining the key points of their estate plan. Include any executors, trustees, guardians and beneficiaries (with their corresponding gifts or bequests). Review the report with the client at your next meeting for updates.

Understand what matters to your client in defining their legacy.

Who do they trust with financial matters, and where do they live?

Who do they trust to take care of their children or pets? For adult children, what is each child's financial outlook, where do they live, and do they have families of their own?

What does the client plan on doing when they retire?

Has your client considered what would happen if they couldn't live independently in their own home? Do they worry about significant expenses when they are older?

Are there particularly meaningful charities or causes your client supports?

General Practice Pointers

Being organized and having as much visibility into the estate plan are key to keeping you in the quarterback role.

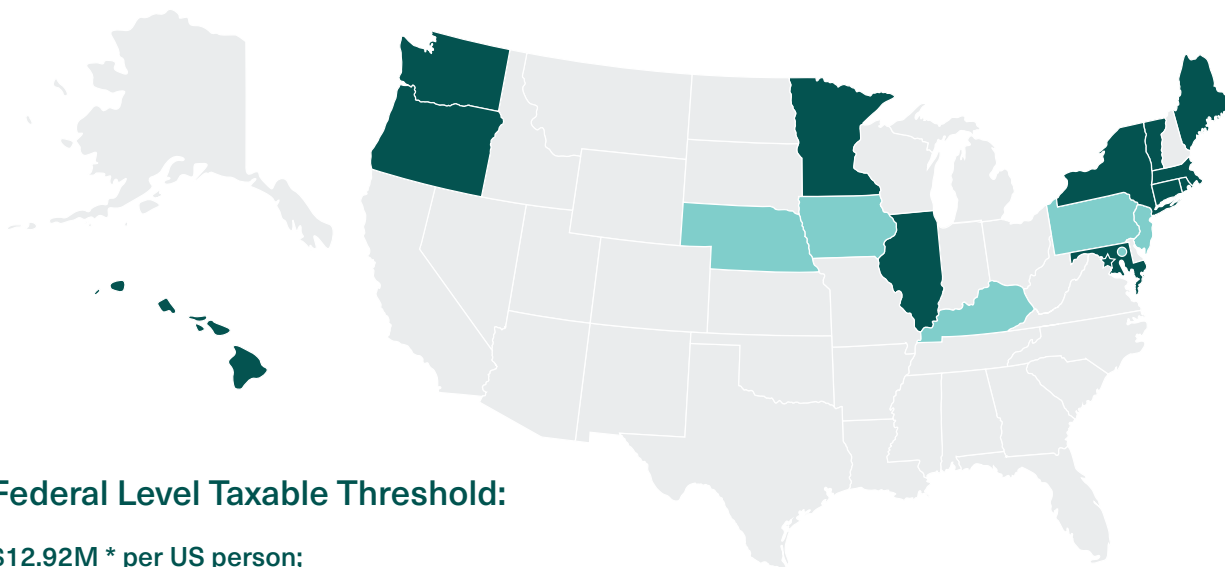
Record all of your client responses in your CRM.

Ask for copies of estate planning documents, even if you don't plan on reading them line by line.

If your primary relationship with a couple is with one spouse, use estate planning to develop a relationship with the other spouse and the contingent beneficiaries. Most clients in this situation want peace of mind for the less-involved spouse. Make yourself a resource today for that spouse.

Federal and State-Level Estate Tax Exclusion Amounts (2023)

Generally, the estate tax is imposed on any taxable estate above the exclusion amount (EA). Note that (1) the EA can be utilized during life by making taxable gifts (valued above \$17k any given year), so your client may not have their full EAs left at death, and (2) "taxable estate" is a construct of the tax rules that includes more than just what the client owns in their own name. Your client's net worth is an approximation of the taxable estate, but may be underinclusive. If your client may have a taxable estate, your client should consult with an attorney.



Federal Level Taxable Threshold:

\$12.92M * per US person;
\$25.84M * per couple if married

State Level Taxable Threshold

Connecticut: \$12.92M (same as federal) *
District of Columbia: \$4,254,800 *
Hawaii: \$5.49M
Illinois: \$4M
Maine: \$6.41M *
Maryland: \$5M
Massachusetts: \$1M

Minnesota: \$3M
New York: \$6.58M *
Oregon: \$1M
Rhode Island: \$1,733,264 *
Vermont: \$5M
Washington: \$2,193,000

State Level Inheritance Tax

Iowa: If estate value > \$25,000 (for intra family heirs)
Kentucky: as low as \$1,000
Maryland: as low as \$1,000

Nebraska: If estate value > \$10,000 (for intra family heirs)
New Jersey: If estate value > \$25,000 (for intra family heirs)
Pennsylvania: no threshold

* Adjusts annually

While we make every attempt to ensure the accuracy of the information included in this document this is ultimately for educational purposes and should not be considered specific tax, legal or investment advice

² The Massachusetts legislature is considering doubling the EA to \$2M and making other changes to how the estate tax will be applied. See MA House of Representatives Bill 3770 (2023).

³ For farm, forestry or fishing businesses, the EA has been raised to \$15M. See OR Senate Bill 498 (2023).

⁴ State inheritance taxes generally vary based on the closeness of the relationship between decedent and beneficiary. In some states, inheritance by immediate family members may be entirely exempt from the tax. This list is intended to help you identify when a further discussion with your client might be warranted.