



The Top Ten Common Estate Planning Mistakes

Avoiding these common mistakes can spare your family unnecessary stress

Estate planning is essential for anyone who wants their assets and possessions to be passed along smoothly to their chosen heirs. Beyond money, it's about ensuring your wishes are clear and your loved ones are spared the added burdens of legal disputes or financial hardships after you're gone. Here are some of the most common estate planning mistakes and how to avoid them, so you can create a solid legacy for your family.

What Is an Estate Plan?

An estate plan is a set of legal documents that determine how your assets will be handled after your death or if you become incapacitated. At its core, an estate plan typically includes a will, a trust, an advance healthcare directive, and power of attorney documents.

Even if you don't have significant assets, an estate plan is still valuable, especially for expressing your wishes about medical care and potentially reducing family disputes.

Common Estate Planning Mistakes to Avoid

Despite its importance, many people make critical errors in estate planning. Here are the most common missteps to watch out for:

1. Procrastinating

Far too many people delay estate planning, assuming they'll get to it later in life. But life's unpredictability means waiting can lead to unintended outcomes, especially in the case of sudden incapacity or death. Without an estate plan, your loved ones could face lengthy legal processes to access your estate, and they may not have clarity on your medical preferences if you're incapacitated. Creating an estate plan sooner rather than later ensures you're prepared, whatever life may bring.

2. Creating an Estate Plan on Your Own

While DIY estate plans are increasingly popular, they often lead to complications when they're incomplete or contain errors. An estate attorney can provide invaluable guidance, ensuring your plan covers all necessary elements and is legally sound.

The cost of hiring an estate attorney can vary, but many offer free consultations or flat fees for specific services, like drafting a will. Investing in expert advice can prevent expensive and emotionally taxing issues for your family down the line.

3. Leaving Loved Ones Uninformed

Estate planning involves difficult conversations, but they're crucial. Openly discussing your intentions with relevant family members and heirs can help prevent confusion, potential conflicts, and the added stress that often accompanies these situations. Making sure your family understands your wishes – and has a roadmap of what to expect – helps avoid potential misunderstandings.

4. Keeping Estate Planning Documents Locked Away

An estate plan is only useful if it can be accessed. Storing your documents in a safe or safe deposit box may seem like a secure option, but it can make them difficult to retrieve. Instead, share copies with your executor or trustee, a trusted family member, and your attorney, and ensure your family has contact information for these key individuals. This proactive step can ease the process for your loved ones when they need it most.

5. Missing Key Documents

A complete estate plan includes several essential documents. Missing one or more of these can lead to disputes and unintended consequences. Ensure your estate plan includes:

- **Last will and testament:** Outlines your wishes for asset distribution and affairs management after your death.
- **Beneficiary designations:** For accounts like 401(k)s, IRAs, pensions, and life insurance policies.
- **Durable power of attorney for medical care:** Names someone to make healthcare decisions for you if you're incapacitated, often paired with an advance healthcare directive.
- **Durable financial power of attorney:** Appoints someone to manage your finances if you're unable to do so.
- **Funeral instructions:** Specifies your funeral or memorial preferences.
- **Proof of identity and personal documents:** Such as your Social Security card, birth certificate, marriage/divorce certificates, and any prenuptial agreements.
- **Deeds or loan documents for significant assets:** Includes properties, boats, or other valuable items.
- **Living or revocable trust:** Optional, but can help your heirs avoid probate and facilitate asset transfers.

6. Overlooking Digital Assets

In today's digital age, it's easy to overlook the importance of planning for online accounts and digital assets, including social media profiles, cryptocurrency, and cloud storage. Appoint a digital fiduciary in your estate plan who can access and manage these digital assets after your death, ensuring they're handled according to your wishes.

7. Forgetting About Final Arrangements

Making arrangements for your funeral may not be pleasant, but it's incredibly helpful for your family. Specify your preferences, set aside funds, and consider details like burial versus cremation and service style. With funerals costing over \$8,000 on average in 2024 (according to the National Funeral Directors Association), planning ahead can alleviate both financial and emotional stress for your loved ones.

8. Ignoring Taxes

Depending on the size of your estate, tax liabilities can be substantial. While the federal estate tax exemption is \$13.99 million in 2025, this threshold could revert to a lower limit if current laws change. Additionally, many states have their own estate or inheritance taxes, so it's important to research your state's policies when creating your plan.

9. Not Updating Your Plan

An estate plan isn't a "set it and forget it" document. It should be reviewed after significant life events – like marriage, divorce, the birth of children or grandchildren, or acquiring new assets – to ensure it reflects your current wishes. In general, aim to revisit your plan every three to five years to keep it aligned with your circumstances and preferences.

10. Choosing the Wrong Executor or Trustee

Selecting the right executor or trustee is as important as drafting the plan itself. Avoid choosing someone who may have a conflict of interest or who lacks the time or ability to manage the responsibility. Ideally, choose someone trustworthy, unbiased, and willing to serve in this role, and make sure you discuss it with them beforehand.

Taking Action for a Secure Legacy

Avoiding these common estate planning mistakes can spare your family unnecessary stress and help ensure your wishes are honored. An effective estate plan isn't just for the wealthy – it's for anyone who values peace of mind and wants to protect loved ones from additional burdens.

Start the planning process now, and revisit your plan as life evolves, to safeguard the legacy you've worked so hard to build.