

## SPECIAL APPROACHES TO ESTATE PLANNING FOR BLENDED FAMILIES

You're probably already well aware that blended families have outpaced the traditional nuclear family by quite a margin. Many estate planning strategies have been developed to help blended families, and there are a few things to consider when you explore estate planning options.

### **Catering estate planning strategies to meet the needs of blended families**

Being a spouse in a blended family is very common. Even if you aren't in that situation personally, your children who are married now may find themselves in a blended family in the future. If the statistics are to be believed, someone in your family is in a nontraditional family. Blended families also include those with stepchildren, children born outside of marriage, and children being raised by a single parent or by grandparents.

### **Here are just a few of the complexities that can arise in estate planning for blended families:**

**Joint tenancy issues:** In blended families, it's all too easy to accidentally disinherit children. This may sound surprising, but it is a relatively common problem that can arise when spouses with children from previous marriages place assets (like homes, automobiles, and bank or investment accounts) into joint tenancy without fully considering the impact this can have on those children. At the death of the first spouse, all assets that are held in joint tenancy pass to the surviving spouse automatically. Once these assets become the property of the surviving spouse, he or she is under no legal obligation to pass them on to the children or family members of the deceased spouse.

**Outright inheritance issues:** When spouses bring children from previous unions into new marriages, a will or trust that provides for outright distributions to a surviving spouse can complicate the matter of inheritances, and, like joint tenancy, can result in a child being disinherited unintentionally.

**Increased risk of family conflict:** For many blended families, mitigating against the potential of family conflict from children against stepparents is a top priority. No one wants their assets squandered in legal proceedings if conflicts arise between biological and stepchildren after the death of a parent. Comprehensive, thoughtful estate planning can substantially reduce or even eliminate this risk.

The most important thing about making sure your estate planning decisions stand the test of time is going over as many potential situations as possible in the planning process. If you're in a blended family now, should you keep your estates separate, or will you combine

*Most of the default rules of estate planning work well for "traditional" nuclear families, with two spouses who remain married to each other, only have kids with each other, and when everyone dies in the expected order. But, how often does that really happen? Reality is often quite different from this default model, which has required the development of additional strategies to set up a robust and protective estate plan for a blended family.*

your estates to match your new blended family? Are there particular assets you want to make sure a certain child ends up with? Do you have a particular concern about one of your child's spouses? Working on your estate planning is the perfect time to explore these issues, so your plan can best protect who's important to you.

### **FAQs Related to Planning for Blended Families**

#### **I'm married to my second spouse, but my spouse and children from my first marriage get along really well. Why would I need to consider estate planning?**

They may be getting along well now, but there's no telling what will happen after your death. The court records are full of cases that could be said to have begun with these exact facts. Estate planning puts you in charge and allows you to make sure everyone that's important to you - your new spouse and your children from a prior marriage - understands your wishes. This greatly reduces the risk of conflict and, in some cases, can completely eliminate conflict.

#### **I have my home, bank accounts, and cars in joint tenancy with my new spouse, so why would I need a will or trust?**

Joint tenancy does avoid probate and is often better than no planning. However, if you and your spouse were to die at the same time then the joint tenancy is "broken" and your respective halves would have to go through probate. Additionally, if your new spouse survives you, then he or she owns all of the property that was jointly owned. Even if the two of you agreed that your children from a prior marriage should be supported or left an inheritance, your new spouse owns the property and can do whatever he or she wants with the property. This could completely disinherit your children from a prior marriage.

#### **If my children are happily married and I'm in a stable, long-term marriage, why should I worry about divorce or the estate planning issues "blended" families experience?**

Even if none of your children are divorced now, the statistics show that many couples will experience a divorce. Estate planning reduces the risk that your death could be a financial windfall for a soon-to-be-ex-spouse, which can happen if you die at the "wrong" time. It's wise to hope for the best but plan for the worst, so that your family can be fully protected.

### **Get the best of both worlds**

In many cases, the answer is a combination of strategies as unique as you are. If you have any questions about what sorts of estate planning strategies could help you make sure your assets are distributed exactly as you wish, please don't hesitate to get in touch.

Give us a call today.