

Estate Planning Trap

Many people assume that their Wills dispose of all of their assets, including retirement plan assets such as 401(k) and IRA plans and insurance proceeds. This is not necessarily the case. If a retirement plan or an insurance policy has an effective beneficiary designation, and the beneficiary survives, the designated beneficiary will inherit that asset, even if the Will provides otherwise. That's why it's very important to look at your current beneficiary designations when planning your estate. The values of these assets are often significant in individuals' estates, and the identities of the beneficiaries may have a significant impact on the federal estate tax and state inheritance tax obligations of a decedent's estate.