



Memorandum

Date: February 10, 2023

To: Distribution

From: Anuli Okeke

Re: The 7 Deadly Sins of Making a Will

Everyone is aware of the importance of creating a will for their families, however, the only thing worse than not creating a will is making costly mistakes during that process. Some of these mistakes include failing to update documents, leaving to chance vital decisions, and mismatching beneficiary designations. To further understand the best way to make a will with little to no mistakes, the following are the 7 deadly sins of making a will:

1. Procrastination

Procrastination is the most common mistake people make when creating a will. Planning for death or the death of loved one can be quite the uncomfortable experience, not to mention costly. However, procrastination will cause important asset distributions difficult for heirs to the will through last-minute decisions and unorganized instructions. This may even cause heirs to the will to believe the will was made in a diminished capacity or under duress. Procrastination also robs the will-maker of enough time to consider all the “what-if” possibilities concerning asset distribution among family members. To avoid this mistake, people are encouraged to plan in making their wills well in advance and fill out all necessary documentation in advance. An important document to consider is the revocable trust or living trust that makes it possible to distribute assets before death, and helps to keep will information out of the public eye as a private document.

2. Giving out large sums of money at once

Giving out large sums of money all at once may pose a big risk as heirs to the will, especially in their 20’s or 30’s may be too young or unable to handle and preserve large sums of money given to them at once. To avoid making the mistake, assets can be left by the will owner to a trust to manage assets after death. These trusts may also be able to offer advantageous tax and asset-protection options for beneficiaries. Trusts can also be designed to avoid additional estate tax when assets are pass to siblings or children on the beneficiary’s death. It is highly recommended to front load contributions to 529 plans to encourage higher education and get assets out of the estate.

3. Forgetting digital assets

Digital assets are increasingly popular in the market these days and more people are choosing to invest in cryptocurrency and NFTs just to name a couple. However, the issue arises when a will does not contain information on managing or distributing such digital assets or none of the heirs have information to access it. In such a case the digital assets are rendered useless to the heirs of the will. To avoid this mistake, ensure that heirs to the will have clear instructions and passcodes necessary to access such accounts. However, these passcodes should not be included in the will itself as the will may become public knowledge through the probate process. In addition, hardware wallets should be used to manage digital assets and made accessible to heirs of the will.

4. Failing to make updates

Another unfortunate yet common mistake in writing wills is failing to update the will in light of newly acquired assets or changes in wishes. Changes that occur over time may subject the will to modifications such as asset distribution and addition/removal of heirs to the will. For example, an executor of the will may be deceased by the time the will is drawn up which may complicate or prolong the will execution process. Therefore, to avoid this mistake, a will should be updated at least every 5-10 years.

5. Failing to update beneficiary designations

Many people make the mistake of forgetting to update their beneficiary designations on things such as pension accounts, individual retirement accounts, and other investments. This may occur from changes such as the birth of a child or grandchild, or a divorce from a spouse. Therefore, wills should be updated to ensure that all beneficiaries are included or removed based on changes that have occurred and receive the right assets from the will as the will-maker has intended. Make sure the beneficiaries of your accounts mirror the will. **Any contradiction of listed beneficiaries on the accounts and what is identified in the will, the listed beneficiaries on the accounts supersedes what is in the will.**

6. Absence of flexibility

In some cases, wills may not be properly worded and may cause unavoidable consequences for beneficiaries. There should be flexibility in the types of assets left and allocated to each beneficiary of a will to prevent a beneficiary from receiving an asset that may be worth little or no value by the time the will is drawn up. For example, if a stock depreciates over time or ultimately collapses by the time the will is drawn that beneficiary will be left with nothing. Therefore, the will should have assets that are flexible and diverse in value. **Asset allocation with an overlay of risk management is paramount in managing portfolios.**

7. Resolving conflicts among heirs

Conflict resolution among heirs is important to avoid drama that may occur when the will is executed. The will owner should ensure that all beneficiaries involved in the will have a clear and honest understanding of their intentions. This could be done in the form of conversations or agreements made between the will owner and heirs in advance. This will drastically reduce the possibility of litigation or resentment among heirs as there will be no doubts or confusion about asset distributions made by the will owner.

Quantum has partnered with several tax, estate and trust attorneys to offer clients integrated financial solutions to protect families' legacies.

Contact a specialist on our team prior to April 15th for a complimentary review. We can be reached at 301-296-6203 or customerservice@QFAInc.com.