Yours, Mine and Ours

Estate Planning for the Modern Family

The image of the traditional American family—a mom, a dad and two children—has undergone an evolution in recent decades. Many modern families now include a mom, a dad, stepparents, stepbrothers and stepsisters, and half brothers and half sisters. The family structures and legal relationships within blended families introduce a layer of complexity that makes planning for your loved ones’ futures, a future beyond your lifetime, more crucial than ever.

Arguably, one of the most important documents you can create to ensure the well-being of your loved ones is a will. If you die without a will, state law determines who gets your assets when you die, typically naming a surviving spouse and direct descendants. With a blended family, however, the issues are more complex, and the risk of disinheriting your children is much higher.

It’s not uncommon to preserve assets like family heirlooms, the family home or a closely held business for your own children while still providing for a second spouse. But you must be careful that your estate plans properly reflect your situation, or your children from a previous marriage might be disinherited.

The following scenario, although hypothetical, reflects common and devastating missteps blended families take and how you can avoid similar mistakes.

**Case Study: The Overlooked Children**

Jean was married briefly in her 20s and had two children, Tony and Tina, in that union. After her divorce, she met Kyle and they later married. Together, they had one child, John. Perhaps because the couple was still relatively young and consumed with raising a family, Jean and Kyle never took the time to draft wills or create an estate plan together.

Unexpectedly, Jean and Kyle’s young lives were cut tragically short in an accident. Jean died instantly and Kyle passed away the following day. In the absence of an estate plan, their assets—consisting primarily of retirement funds and jointly held property—were divided as follows by the laws of their state:

- At Jean’s death, everything she owned went to Kyle as her surviving spouse.
- Because Kyle had not legally adopted Tony and Tina, at Kyle’s death, his only legal heir to all of his assets (including those inherited from Jean) was John.
- Tony and Tina were left with nothing.

Jean should've established a plan with provisions for *all* her children, along with her spouse.
How can you do better?
Everyone needs an estate plan—whether your net worth adds up to a few thousand dollars or a few million. Your plan, especially if you’re in a blended family, should address the needs of loved ones at your death, regardless of whether you are married or single.
Remembering the Causes That You Love

When creating or updating your plans, please consider using that time to include a gift to the Maui Humane Society. Contact us today to learn more about this easy way to give.

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