



## Why Future-Planners need Flexible Wills and Trusts



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**Individuals and families** who understand the value of future planning know that executing wills and trusts will save a lot of time and money down the road. For people who are concerned about estate taxes, it is very important to have up-to-date estate planning documents. With all the changes in tax law that have happened over the last decade, however, it has been hard to stay up-to-date.

On December 17th of 2010, Obama signed into law "The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010." Before this tax act was passed, estate taxes had been scheduled to come back with a vengeance in 2011. Now, as a result of the law, many fewer people will be affected by the estate tax in 2011 and 2012. The problem is that these changes to the law are not permanent, and will apply for the next two years only. Unless Congress acts to make the changes permanent, individuals with an estate near or over a million dollars still need to ensure that their estate plans will cover them if Congress does not make these changes permanent.

For future-planners who have executed tax-sensitive wills and trusts—even as recently as 2010—estate tax uncertainty over the next three years creates a problem. If the estate tax laws remain favorable, highly inflexible wills and trusts could create needless bypass trusts or place funds out of the reach of a surviving spouse. These inflexible documents may also result in unnecessary accounting and legal costs. On the other hand, wills and trusts which totally ignore the need for estate tax planning could result in significant problems when 2013 rolls around.

For individuals and families with an estate of \$1 million or over, there is a solution to estate tax uncertainty: flexibility. Perhaps more than ever before, uncertainty about future tax laws means that wills and trusts need to be drafted to anticipate both worlds: one where Congress makes the 2010 tax changes permanent, and one which reverts to the old estate tax law.

The next best step would be to contact your estate planning legal advisor, to determine whether your estate planning documents need to be updated. Our office would be happy to answer your questions or point you in the right direction: