

# Key Estate Planning Mistakes to Avoid



**Jennifer Alfieri**  
AVP, Trust Council  
Tompkins Financial  
Advisors

## Many affluent professionals and business owners put estate planning on hold.

Only the courts and lawyers stand to benefit from procrastination. While inaction is the biggest estate planning

error, several other major mistakes can occur.

## Going years without updating beneficiaries.

Beneficiary designations on qualified retirement plans and life insurance policies usually override bequests made in wills or trusts. Many people never review beneficiary designations over time, and the estate planning consequences of this inattention can be serious. For example, a woman can leave an IRA to her granddaughter

in a will, but if her ex-husband is listed as the primary beneficiary of that IRA, those IRA assets will go to him per the beneficiary form.<sup>1,2</sup>

## Supposing minor heirs will handle money well when they become young adults.

There are multi-millionaires who go no further than a will when it comes to estate planning. When a will is the only estate planning tool directing the transfer of assets at death, assets can transfer to heirs aged 18 or older in many states without prohibitions. Imagine an 18-year-old inheriting several million dollars in liquid or illiquid assets. How many 18-year-olds (or 25-year-olds, for that matter) have the skill set to manage that kind of inheritance? If a trust exists and a trustee can control the distribution of assets to heirs, then situations such as these may be averted. A well-written trust may also help to prevent arguments among young heirs about who was meant to receive this or that asset.<sup>3</sup>

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