

Family, Finances and Fairness: A Six-Step Estate Planning Checklist for Blended Families

As the saying goes, you don't just marry a person—you marry their family. As an educator in family medicine, that idea is more than a cliché. You spend your careers teaching health care professionals to understand family dynamics, as part of their care. Some STFM members may live that complexity themselves as part of blended families formed through second marriages, step-parenting, and shared caregiving across households.

This experience is increasingly common. In fact, it's estimated that [over](#) half of Americans have been or will be part of a blended family at some point in their lifetime—and 75% of parents in such families [report](#) not having the resources they need to manage the shift.

If you're part of this group, here are six best practices to help you proactively manage your finances as part of a blended family.

Use Trusts to Avoid Delays and the Cost of Probate

Going through probate—the legal process that takes place after someone dies to transfer assets to their beneficiaries—can lead to both increased costs and additional time before beneficiaries can access assets.

According to the Probate Fee Calculator, probate could cost \$404,000 on a \$5 million estate, inclusive of the executor fee, attorneys' fees, and court costs. From a timing standpoint, the typical probate process is 12 to 18 months; however, probate can take five years or more when things are either financially or emotionally complicated.

Blended families often come with such complications, underscoring the importance of setting up trusts. Trusts not only allow beneficiaries to sidestep the probate process but also give the creators more control over asset distribution, reduce the need for litigation, and can minimize taxes for people with large estates.

Review Documents Following Big Life Events

Given their complex structures, it's especially important that blended families review the estate planning documents like wills and trusts alongside major life events, such as births, deaths, divorces, marriages, inheritances, selling a business, or significant promotions, to name a few. If any of these occur—and in blended families, they will likely do so more frequently—it's important to keep an eye out for any needed changes or adjustments to the estate plan.

Conduct a Beneficiary Audit at Least Once Every 3 Years

Along the same lines as document reviews, parents of blended families should review any assets that have a named beneficiary at least once every other year to ensure said assets are going to the right people. Some typical examples of these types of assets would be: (1) a life insurance policy, (2) a 401k, (3) bank accounts, and (4) investment accounts. When these accounts are first set up, they typically include a named beneficiary and sometimes a contingent beneficiary in the initial paperwork. Yet if beneficiary designations aren't updated as life evolves, an asset could go to the wrong person (like an ex, for example).

Avoid Fights Over Things With More Emotional Than Financial Value

For things that don't have a named beneficiary (e.g., mom's favorite bracelet, dad's watch, etc.), be sure to instruct who should inherit these assets rather than, say, leaving it to a stepparent or children to decide and potentially causing a fight. Even better, make an inventory list with the name of the person that should inherit the asset next to each item, and update it once every three years alongside beneficiaries.

When Considering End-of-Life Choices, Consider Who Will Make Tough Decisions

A health care directive is the document used to make choices about how we want end-of-life care to be administered and who can make medical decisions on our behalf. Taking a thoughtful approach to this directive is critical for blended families.

Imagine, for instance, a biological parent is at the end of his life and his current spouse—and stepmom to his adult children—is the one making the decisions about his care. This might create an insurmountable conflict between the stepmom and adult kids if they disagree about treatment plans. This could be especially sensitive if his assets are set up to move to the stepmom and/or she has the ability to allocate assets between the stepchildren and her biological children.

Worst of all, failing to update healthcare directives when divorcing or remarrying could potentially leave an ex-spouse solely in charge of end-of-life care—a situation no one wants.

Ask Yourself: Does a Professional Fiduciary Make Sense for Your Blended Family?

A professional fiduciary is entrusted to provide financial and healthcare options that ensure their client's documented wishes are followed. In doing so, a fiduciary can relieve some of the decision-making pressure from blended families, provide skillsets friends and family may not have themselves, and act as a neutral party should there be ongoing (or potential) conflict among family members.

Ultimately, with the right advance preparation and counsel, blended families can make the estate planning decisions that are right for them. Just remember: Fair is not necessarily equal, and it's important to make the tough choices while you're still alive and able to communicate them to everyone involved.

After all, a good legacy involves more than just assets—it's also about leaving your family, blended or not, in emotional and financial peace.

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