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Do You Know What Happens to the Estate Plans You Create?

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You might have to struggle to get your clients to update their estates in the first place. Then there's all the work that goes into creating air-tight documents of all sorts: wills, trusts, durable powers of attorney and health proxies come immediately to mind. But in spite of your best efforts, your client – and his or her designated beneficiaries – may still not be protected from exposure to even some of the most mundane risks. Why?

Usually because of lack of follow up.

Once you've created the plan, a tremendous number of details remain to be acted upon. These things can be as simple as making sure the client's current beneficiaries are named in employee benefit plans, insurance policies and existing trusts. Or they can be more complex matters like filing fiduciary income tax returns for trusts, preparing applicable gift tax returns and providing annual notification to trust beneficiaries of their right to withdraw principal. Then there's the comprehensive location listing for all the client's assets (which the client is supposed to complete, but which few ever do). Overlooking these things can lead to assets going to the wrong people, assessment of needless penalties, increased tax liability and just plain headaches for your client's heirs and assigns.

Of course, very little of this is your direct responsibility. But your clients count on you to ensure that their wishes are carried out and risks are mitigated. What can you do to meet these expectations and give your professional creations the best chance of doing their job?

Assuming the client came to you first, you might consider being prepared to function as the captain of the team. A CPA with extensive experience in estates and trusts should be brought into the process early on. We admit that we're not disinterested parties in this, but do you really want to worry about filing all the tax returns and other financial documents – or leave it to chance that your client will follow up?

Whether the client came to you with a CPA or you had to help find one, think about collaborating with him or her to come up with a game plan. Your client will be better served by having two reliable professionals watching out for his or her interests from the beginning. You can also apportion tasks according to which party is best qualified to carry them out.

Finally, you might contemplate involving less senior members of your own staff in the planning process. It's good practice that will make them more valuable to you later on. Numerous courses and training days cover the essentials in some detail so you won't have to worry about doing the fundamental training yourself. Most of these are team taught by experienced lawyers and accountants and also qualify for continuing professional education credit (we often help design and teach these seminars, and would be glad to answer any questions).

Ensuring that your iron-clad estate plan will stay iron-clad is not a huge undertaking; it just takes a little planning.

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