



Pioneer Bank & Trust

Trust & Investments

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12 reasons to review your will

Creating a will and an estate plan is not a “one and done” event. Many events can cause a plan that made perfect sense when it was drafted fail to meet expectations and the needs of the family. Life happens. As a rule of thumb, a will and estate plan should be reviewed every five years or so. Here’s a checklist of 12 reasons why a will might need to be amended.

- An heir has died.
- A new potential heir has been born.
- Divorce.
- Divorce of an heir.
- Retirement.
- Move to another state.
- Sale or gift of assets bequeathed in the will.
- Material change in wealth, up or down.
- Change in federal tax laws.
- Change in state tax laws.
- An heir has become disabled, or perhaps drug dependent.
- Estrangement from heirs.

Two changes in the federal estate tax made in 2012 rendered a great many wills obsolete, for example. First, the amount exempt from federal estate taxes was lifted permanently to \$5 million (plus inflation adjustments). Second, the exemption was made “portable” for married couples. Strategies employed in an estate plan to reduce estate taxes were made completely unnecessary for smaller estates.

The most common technique for deferring federal estate taxes has long been the marital deduction trust, coupled with a “bypass” trust. When one combines “portability” with the enlarged federal exemption, a family fortune of up to \$10 million (plus inflation) can avoid all federal estate taxes simply by leaving everything to a surviving spouse and filing an estate tax return when the first spouse dies. The favorable outcome of the “two-trust” plan is now possible with the simplest of wills.

See your professional estate planning advisors to learn more.

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