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## **HOW OFTEN SHOULD YOU REVIEW AND UPDATE YOUR ESTATE PLAN?**

- **Every Year for Large Estates**

If you have a large estate (valued over the unified credit amount), you should review your estate plan at least annually. This is true even if no major changes have taken place in your life and your original plan still seems adequate. After all, a year does not go by without significant changes in the federal tax laws. You need to stay on top of these changes, because they may require you to update your estate plan in order to achieve the best results.

- **Every Five Years for Small Estates**

If you have a smaller estate (valued under the unified credit amount), you probably only need to review your estate plan every five years, barring any major life events.

- **Upon Changes in Estate Valuation**

If the value of your estate has risen or fallen more than 20% over the last two years, you should review your estate plan because updates may be necessary. For example, you may need to modify your will to reflect the increase or decrease in the value of your estate. Good or poor investment performance, the receipt of a sizeable inheritance, and large gifts made to charity are all possible reasons why the value of your estate could change dramatically in just a few years.

- **Upon Other Financial Changes**

In addition to the changes in the value of your assets, changes in other aspects of your financial situation may require you to review and update your estate plan. Perhaps you received a raise at work that significantly increased your household income. On the other hand, if you just retired, your income may have decreased quite a bit and, even if your income hasn't changed, your expenses may have. Paying off a mortgage or car loan, for instance, may free up more of your money to invest.

- **Upon Changes in Occupation or Employment**

If you or your spouse has started a new job or changed careers, you may need to review and revise your estate plan. The same may be true if one of you cuts back to part-time hours or leaves the workforce entirely.

- **Upon Changes in Family Situation**

You probably need to review and update your estate plan upon major changes in your family situation. Some common examples of triggering family events include: change in marital status; a child or grandchild born or adopted; your spouse, child or grandchild has died; you or a family member has become ill or incapacitated; or other individuals (i.e., your parents), have become dependent on you.

- **Upon Changes in Your Closely Held Business Interest**

A review and possible update of your estate plan is in order if you have: (1) formed, purchased, or sold a closely held business, (2) reorganized or liquidated a closely held business, (3) instituted a pension plan, (4) executed a buy/sell agreement, (5) deferred compensation, or (6) changed employee benefits.

NOTE: Business ownership is a highly technical area. If you're a business owner, you should be consulting with a qualified attorney on an ongoing basis.

- **Upon Changes to the Estate Plan Itself**

Of course, if you make changes to any part of your estate plan, you should review the estate plan as a whole to insure that it remains cohesive, effective and consistent with your goals. A change or addition to one part of the plan may call for changes to other aspects of it. Examples of key changes that might warrant a reexamination of the plan as a whole include: creation of a trust, execution of a will codicil, and designation of a new beneficiary for an IRA or retirement plan.

- **Upon Changes in Insurance Coverage**

Changes in insurance coverage may affect your estate planning needs and may require you to modify your plan. Consequently, inform your estate planning advisor if you make any changes to your life insurance, medical insurance, disability insurance, long-term care insurance, or liability insurance coverage.

NOTE: Life insurance is the type of insurance most directly connected to estate planning. As a result, any changes to your life insurance coverage especially need

to be properly coordinated with your overall estate plan. Such change might include an increase or decrease in the amount of coverage, a change in beneficiary designation, or the purchase of an additional policy.

- **Upon the Death of an Executor/Trustee/Guardian**

If an individual whom you have designated as an executor, trustee, or guardian dies or changes his or her mind about acting that capacity, you need to revise the appropriate parts of the estate plan.

- **Upon Other Important Changes**

None of us has a crystal ball. We cannot think of all the possible conditions and circumstances that should prompt us to review and update our estate plan. Use your common sense. Have your feelings about charity changed? Has your son finally become financially responsible? Has your spouse's health been declining? All you need to do is give it a little thought from time to time, and consult periodically with your attorney, financial planner, and other professional advisors.