

Estate Planning for Retirees: A Thoughtful Plan for a Lasting Legacy



How do you want to be remembered?

- As the generous grandpa?
- The nana who gave her time and resources to causes she cared about?
- Or the aunt who led by example and lived with integrity?

[Your legacy matters.](#) It reflects the values you lived by and the impact you had on the people around you.

What most people don't want is to be remembered for something else entirely, leaving behind confusion because there was no will, creating unnecessary conflict among family members, and leaving a hefty tax bill, all during an already difficult time.

Because preserving your legacy is [our top priority](#), XXX focuses on [estate planning](#) for retirees and coordinates it with [your overall financial strategy](#).

You have control over what you leave behind and how you are remembered.

Why Estate Planning for Retirees Matters More Than People Think

Who do you trust to carry out your wishes when you pass away or become incapacitated? Is it an attorney, a close friend, or the courts of the state you live in?

If you don't have a will or a proper estate plan, the State will make the decisions for you, and that's not something anyone wants. Without clear instructions, you lose control over how your assets are distributed and whether they go to the people you intended.

4 Common Estate Planning Mistakes

At XXX, these are some of the most common retiree estate planning mistakes we see retirees make:

1. Estate planning involves several layers beyond just a will.

XXX helps retirees establish essential baseline documents, like a will, with their attorneys. We also walk them through more detailed estate planning steps to address all aspects of their financial legacy, such as:

- Beneficiary designations on your life insurance and [retirement plans](#)
- **Revocable Trust:** A trust changeable during the person's lifetime
 - Avoids probate
 - Control over distribution
- **Irrevocable Trust:** A trust generally cannot be changed.
 - Potential estate tax reduction
 - Removes assets from the estate
- Healthcare directives so your medical wishes are honored
- Power of attorney for financial and legal decisions

Not having these estate planning components in place is a common oversight people make when planning for the future. While a will is important, it often doesn't cover everything, and missing pieces can lead to confusion, delays, or even unintended consequences for your loved ones and undo good intentions.

2. Procrastinating or Underestimating the Importance of Retirement Estate Planning

Many retirees delay estate planning because they believe it's only necessary for the "wealthy." This misconception leads to a mistake we see all too often: doing too little, too late. Waiting until a health event, accident, or other crisis occurs can mean important documents are missing or outdated when they're needed most.

3. Relying on a Will Alone

While wills are an important piece of the puzzle, a will alone does not always provide the protection and control many individuals expect. Consider the following:

- **Probate:** Wills must go through probate, a public, time-consuming, and costly legal process.
- **Incapacity:** Wills don't address what happens if you become incapacitated, especially with medical or financial decisions.
- **Tax and Retirement Accounts:** Wills don't directly address tax implications or rules for retirement accounts, which could create unexpected tax burdens.

A will is a starting point, not the entire plan.

4. Not Updating Your Plan

Life changes, and so should your retirement estate plan. Major life events, like marriage, divorce, birth of grandchildren, new assets, or relocation, all require updates to your estate plan. Failing to update it could mean you lose control over your legacy.

Regularly reviewing and updating your plan is a simple but often overlooked step. An outdated plan often leads to complications, delays, and stress for your loved ones.

Why Beneficiaries and Account Titling Matter

Do you remember filling out your beneficiary designation forms when you opened your IRAs? Do you know who you listed as a beneficiary? Filling out those forms can sometimes feel mindless or routine, and you may not have thought about them in a while. However, it's very important to check that these designations are up to date and reflect your current wishes. This is also true for life insurance policies, where beneficiary designations control how your benefits are passed on.

Another example: if property is titled as "joint tenants with rights of survivorship," it may bypass probate, transferring directly to the surviving owner. For married couples, titling property with special provisions, such as "tenancy by the entirety," may offer additional protections for key assets, such as the family home.

Planning for Incapacity

No one wants to be a burden to their family, but sometimes it's unavoidable. What you *can* do is be prepared. Incapacity planning is just as important as other estate documents. While many estate plans focus on what happens after your death, it's equally pivotal to plan for the possibility that you might be unable to make decisions for yourself.

Key components of incapacity planning include:

- **Durable Power of Attorney:** This document gives someone you trust the ability to handle financial matters on your behalf if you're unable to do so.
- **Healthcare Power of Attorney:** Appoints someone to make medical decisions for you if you're unable to communicate your wishes.

Having these documents in place allows someone to act in your best interest without the need for court involvement, so your wishes are followed when you can't speak for yourself.

Why Estate Planning Must Coordinate With Retirement and Taxes

Your estate plan should not be viewed in isolation but as part of a broader financial plan. Retirement accounts require proactive estate planning for retirees. Coordinating your estate planning with your retirement accounts and [tax strategy](#) can minimize tax burdens and [maximize the wealth](#) you pass down.

Tax implications can significantly affect what your heirs ultimately receive and why equal inheritance isn't always fair. For example, leaving an IRA versus a Roth IRA to a family member may have tax implications for the beneficiary.

Consider	Pre-tax vs. after-tax assets
Receive	Two heirs can receive very different outcomes
Evaluate	Estate planning must consider after-tax value

Taking potential tax ramifications into account and coordinating your estate plan with your retirement strategy can [help preserve more of your wealth](#) for the next generation.

Review Your Retirement Estate Plan Regularly

An estate plan is not a one-time exercise. To keep your retirement estate plan aligned with changes in your life, finances, and laws, prioritize regular reviews so it continues to reflect your wishes.

XXX helps retirees bring their estate and financial plans together so they work in coordination.

Our Retirement Estate Planning Checklist

The following key steps can help you stay on track:

- ☐ Update beneficiary designations for all retirement accounts and [insurance](#).

- ☐ Confirm your will or trust is current.
- ☐ Set up durable power of attorney and healthcare directives.
- ☐ Coordinate estate plan with retirement accounts, taxes, and financial plan.
- ☐ Schedule a review every 1-3 years, after major life events, or when changes to estate and tax laws occur.

Frequently Asked Questions

How are retirement accounts taxed when inherited?

When a retirement account, such as an IRA or 401(k), is inherited, the tax treatment depends on the type of account and the relationship of the beneficiary to the original owner. Traditional retirement accounts are typically funded with pre-tax dollars, so withdrawals taken by the beneficiary are generally taxed as ordinary income. In contrast, qualified withdrawals from inherited Roth accounts may be tax-free if certain requirements are met.

In many cases, beneficiaries must also follow distribution rules requiring the account to be withdrawn within a specific time period, which can affect the amount of tax owed each year.

Because these rules can be complex and may affect how much heirs ultimately receive, many retirees review how retirement accounts fit into their broader estate strategy. XXX works with retirees to coordinate their retirement accounts with their estate and financial plans, so that tax considerations and beneficiary designations are reviewed together.

Why do I need retirement estate planning?

Estate planning for retirees helps determine how your assets will be managed if you become incapacitated and how they will be distributed after you pass away. Without a plan, state laws may decide how your assets are handled.

To help coordinate these decisions with your overall financial strategy, XXX works with retirees to align their estate and financial plans.

How often should retirees review their estate plan?

An estate plan should be reviewed regularly because life circumstances and financial situations change over time. Events such as marriage, divorce, births in the family, relocation, the acquisition of new assets, or changes in tax laws may affect how your estate plan functions.

Regular reviews can help keep documents current and aligned with your goals.