DOLLARS & SENSE

Smart Questions for Estate Planning

Use this handout alongside today's estate planning conversation so your attorney, tax professional, and financial professionals are all aiming at the same result: your wishes carried out clearly, efficiently, and with fewer surprises for the people you love.

What this handout is for:

Estate planning covers the documents: wills, trusts, powers of attorney, and probate. This guide looks at how those documents connect to retirement accounts, beneficiary designations, Social Security, taxes, and income planning.

1. Should My Retirement Accounts Go Into My Trust?

This is one of the most common estate planning questions — and one of the most misunderstood. For most people, the better question is not whether to retitle an IRA or 401(k) into a living trust, but whether the retirement account beneficiaries and the trust are coordinated correctly. The common answer: usually, do not move retirement accounts into a living trust during your lifetime. Coordinate the beneficiary designations instead.

Potential reasons a trust may be considered	Important cautions to understand
• **Control:** Sets rules for how and when heirs receive money. • **Protection:** May help guard an inheritance from creditors, divorce, or poor decisions. • **Special situations:** Can be useful for minors, disability planning, spendthrift concerns, or blended-family complications.	• **Tax timing:** Most non-spouse heirs generally face the inherited retirement account 10-year payout rule; exceptions apply. • **Trust tax brackets:** Trusts can reach high tax brackets much faster than individuals. • **Drafting risk:** If a trust is named beneficiary, it must be drafted and administered correctly under IRS rules.

The cleaner starting point

Name the right people directly on retirement accounts when that fits your plan. Use the trust mainly for non-retirement assets such as real estate, bank accounts, and taxable brokerage accounts. Then ask your attorney to cross-check the whole picture.

A note for married women: the Widow Tax Trap

After the year of death, many surviving spouses eventually file as single and may also lose one Social Security check. That can make retirement account withdrawals feel much more expensive. How accounts are titled and who inherits them matters before it becomes urgent.

2. Special Needs Trust vs. Special Needs Provision

If you have a child, grandchild, or dependent with a disability — physical, cognitive, or psychiatric — ask this before documents are finalized. Leaving money directly to someone who receives SSI or Medicaid can disrupt benefits. The goal is to leave support without accidentally creating a benefits problem.

Standalone special needs trust	Special needs provision inside your trust
• **Separate document:** A dedicated trust created for this purpose. • **Higher cost:** Often quoted as an additional planning fee, depending on complexity. • **Best fit:** Often used when the person with a disability is the primary beneficiary or the planning is more complex.	• **Built-in language:** A clause within your revocable living trust. • **Ask directly:** It may cost less than a separate document, but only your attorney can confirm. • **Possible fit:** Can be enough for many families when the disabled person is one of several beneficiaries.

The question that can save money and protect benefits

"Can you add a special needs provision directly into my existing trust, rather than creating a separate document?" Many attorneys can; they simply may not bring it up unless you ask.

3. The Beneficiary Designation Problem

Here is the rule many families learn the hard way: your **beneficiary designation** usually overrides your will. If your will says "everything to my children equally," but your IRA still lists an ex-spouse, the account designation controls.

Account paperwork wins

The account, policy, or annuity beneficiary form can send money somewhere different than your will or trust. This is why the documents must be reviewed together — not one at a time.

Where this goes wrong most often

Life changes not updated: divorce, remarriage, death of a named beneficiary, or a new grandchild.	**Blended families:** a spouse or children from a prior marriage may inherit differently than expected.
No contingent beneficiary: the account may go to the estate and into probate.	**Naming "my estate":** can erase some transfer and tax advantages of naming a person or properly drafted trust.

Ask for a cross-check

"Can you help me compare my trust and will with every beneficiary designation — retirement accounts, life insurance, annuities, bank accounts, and brokerage accounts — to make sure they agree?"

Places beneficiary forms hide

Retirement accounts	Insurance & annuities	Bank & brokerage
IRA, Roth IRA, 401(k), 403(b), pension survivor options	Life insurance, workplace coverage, annuity contracts	TOD/POD forms, joint ownership, trust titling

Small step, big protection

After your documents are updated, ask for a simple one-page summary of who inherits what and which beneficiary forms still need to be changed. That summary can be easier for your family to follow than a stack of separate forms.

WISE WOMEN PROSPER

Your Three Questions to Ask Today

Write these down or take this page with you. These questions are simple, but they surface the issues that often get missed.

1. **Ask:** "Are my retirement accounts and my trust coordinated correctly, and are the right people named as direct beneficiaries?"
2. **Ask:** "If I have a dependent with a disability, can a special needs provision be added to my existing trust instead of creating a separate document?"
3. **Ask:** "Can we review my beneficiary designations alongside my trust and will to make sure everything is in agreement?"

Quick Review Checklist

☐ IRA / Roth IRA / 401(k) beneficiaries	☐ Real estate title and trust ownership
☐ Life insurance beneficiaries	☐ Contingent beneficiaries named
☐ Annuity beneficiaries	☐ Ex-spouse or deceased beneficiary removed
☐ Bank accounts: POD / TOD instructions	☐ Blended family intentions documented
☐ Brokerage accounts: TOD instructions	☐ Special needs language reviewed

Bring these to the follow-up conversation

☐ Most recent IRA, Roth IRA, 401(k), or 403(b) statements	☐ Names, ages, and contact info for beneficiaries
☐ Life insurance and annuity policy pages	☐ List of accounts owned jointly, individually, or in the trust
☐ Current trust, will, and powers of attorney	☐ Any prior divorce, blended family, or disability planning concerns

The Dollars & Sense connection

Estate planning is the structure. Income planning is the foundation it sits on. When your accounts, trust, beneficiary forms, and income streams all work together, retirement starts to feel like the life you actually planned for.

Notes & Next Steps

Accounts / forms I need to check	People / professionals I need to contact

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