

# ***The “Daily Plan-It”™***

*SHUMATE BROKERAGE CORP.*

**Volume 9, Issue 18**

**9/6/2007**

## **Avoiding Disaster for Blended Families**

You don't need to have Elizabeth Taylor as a client to work with someone on her second, third, or even fourth or fifth marriage. These clients have special financial and estate planning needs. Neglecting these issues is sure to create a less than desired result in the event of illness, incapacity or death. A key to a smooth transition upon disability or death is to create a comprehensive strategy while the client is alive.

### **A Special Strategy**

Remarriage may result in cordial but not close “step” relations. Often, these people merely tolerate each other until the biological parent dies or becomes disabled. For example, if the spouse with the majority of assets dies first, who wins? The surviving spouse? The children? If a parent is not careful, their children might be unintentionally disinherited. If the children are protected, the surviving spouse may be disinherited.

A special plan for the blended family would include a prenuptial agreement, along with a fully-funded revocable living trust. This can only be accomplished if your clients go to a trusted advisor with specialized knowledge in extended families.

Another key component in an estate plan for a blended family is the successor trustee. It's essential that the successor(s) is savvy, compassionate and, hopefully, familiar with family issues.

### **Key Points to Consider**

Here are some questions for the advisor to address:

- How is the successor trustee selected?
- How will the successor trustee feel about paying money to the person who doesn't select him?
- How can the surviving spouse be prevented from changing the deceased spouse's beneficiaries?
- How will the children feel about the step-parent spending their inheritances?
- How will the spouse feel about the children making cessation of life choices for him or her?
- What is the relationship between the successor trustee and the surviving spouse or the children?
- What role are the trusted advisors to play in making

the succession plan go how it is planned?

- How will the assets earned during the marriage be distributed?
- How should the required retirement plan distributions be made?
- How long should the children wait to receive “their money,” especially if the surviving spouse is only a few years older than the children?

### **Who Watches the Cheese?**

As your clients' trusted advisor, you are in a great position to help them with these and other issues. If you help them address these issues during their lifetimes, it will give them greater peace of mind. They will know that you are looking out for their families' best interests. If they truly believe that, they will be an endless source of new business for you. They will want everyone to know that you are helping to see that their goals, aspirations and desires will be carried out when they are no longer here to see to it for themselves.

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