

3 ESTATE CHALLENGES FOR BLENDED FAMILIES



Preparing your estate can be complicated, and if you're a part of a blended family, estate decisions can be even more complex and nuanced. Blended families take on many forms, but typically consist of couples with children from previous relationships. Here are a few case studies to help illustrate some of the challenges.



CASE STUDY #1: Children From Previous Marriages

Simple wills often are structured to leave all assets to the surviving spouse. If your estate strategy relies on this type of will, you could risk overlooking children from previous marriages. Also, while it's unsettling to consider, the surviving spouse can end up changing a will without proper measures put in place.¹

When new children join a blended family, estate strategies can get even more complicated. But with a well-structured approach, you can direct how to distribute your assets.

CASE STUDY #2: When One Partner Has Significantly More Assets

While the divorce rate has been trending lower, the number of remarriages (2nd or more marriages) has increased. One person entering a new marriage may have more assets than their spouse, given that 40% of all new marriages are remarriages for one or both spouses. An estate strategy can help ensure that your assets pass down according to your wishes.²



CASE STUDY #3: Traditional Trusts May Not Be Enough

In blended families, a traditional trust is a good start, but it may not go far enough. One possible solution is to create three trusts (one for each spouse, in addition to a joint trust) to help address different scenarios.³

Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider working with a professional familiar with the rules and regulations.

Starting the Process

Blended families are quite common these days. If you're in that position, it's important to remember that you can create an estate strategy to address your specific situation. The first step may be an estate document review.



Endnotes

1. Investopedia.com, April 25, 2021
2. OnlineLibrary.Wiley.com, January 5, 2020
3. Investopedia.com, November 14, 2021

Disclosures

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