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Smart Strategies to Maximize Generational Wealth



A STEP-BY-STEP GUIDE TO
LEAVING & INHERITING MONEY
WHILE REDUCING TAXES & STRESS

INTRODUCTION

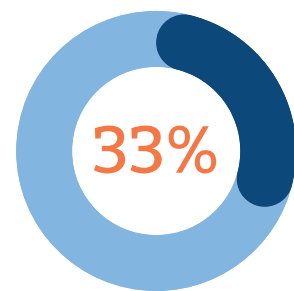
Americans understand the importance of estate planning, yet an alarming percentage of adults do not have arrangements in place.

While estate and inheritance planning can be difficult subjects to approach, they are also a crucial component of a sound financial plan. Knowing how to prepare and manage the process of leaving or receiving an inheritance can make a significant impact on your financial future and that of your loved ones.

This guide will provide an overview of what an estate and inheritance are and explore common challenges and pitfalls to leaving and receiving wealth. It will also provide you with steps to take so that you can avoid those pitfalls and come away with the confidence that, whether you are leaving or receiving wealth, you are prepared to make the most of it both today and for generations to come.



percentage of Americans who believe having an estate plan is necessary¹



percentage who actually have a will or living trust¹

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PART 1

Essential Steps to

LEAVING AN INHERITANCE

There's a common saying regarding generational wealth: "Shirtsleeves to shirtsleeves in three generations."

The saying means that by the time wealth has been passed down for three generations there's often actually not much wealth left at all – and unfortunately, **this euphemism is rooted in truth.**

A well-known study conducted by The Williams Group found that about 70 percent of wealthy families lose their wealth by the second generation, and 90 percent lose it by the third generation. Planning well can do a great deal to help you and your family avoid becoming part of those statistics.

In this section, we'll cover these important steps for leaving wealth:

1. Implement a Financial Strategy to Achieve Your Goals while Maximizing Generational Wealth
2. Develop an Estate Plan According to Your Wishes



“*Having family wealth and preserving family wealth are two very different things, and the latter requires careful and considerate planning.*”

– Laurence Hale, AAMS®, CRPS®
WHZ Principal/Managing Partner
& Chief Investment Officer

STEP
01

Implement a Financial Strategy to Achieve Your Goals while Maximizing Generational Wealth

It's impossible to maximize generational wealth if you don't have a strong financial plan and investment strategy in place for yourself, first. Here's what to consider in order to create a financial strategy designed for your life goals, while keeping wealth transfer ramifications in mind.

Your Financial Plan

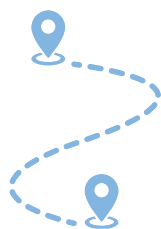
A strategic financial plan should be built around your specific goals and serve as a roadmap for how the assets and income streams you have will support you in achieving those goals in line with your values.



- What are you passionate about?
- What do you want your legacy to be?

A financial advisor can help you organize and prioritize your goals and develop strategies to eliminate risks and safeguard the future of your family and loved ones.

If you live a long and healthy life, how will you maximize wealth and achieve your goals?



A good financial plan is not static – it evolves and adapts as life unfolds.

It identifies what you hope to accomplish and when, what resources will be required, and what your surplus might be at the end of your plan. You can then model various scenarios to stress test those projected outcomes.

Most importantly, your financial plan provides structure and clarity to the steps that follow.

Your Investment Strategy

Your investment strategy will likely include a mix of various types of assets, from retirement plans and other securities, to real estate, life insurance, and maybe even a business. It is critical to consider the role each investment plays in allowing you to maximize wealth and achieve your goals.

The various types of assets you choose to invest in will also have ramifications in determining the best way to transfer your wealth. This requires an analysis of the tax liabilities, liquidity and legal considerations that you or your beneficiaries could encounter along the way.

Wealth Transfer Considerations

Here are some of the most common assets that may contribute to your overall net worth, and what to consider when planning for the transfer of each.



Property and Real Estate

Real estate and other types of property can be left as part of an inheritance. However, it's important to understand that there may be taxes owed on any property that is sold or transferred to beneficiaries depending on when and how it changes hands and how it was titled.



Business Interests

Transferring ownership of a business can be challenging for a number of reasons including lack of liquidity, difficulty determining proper valuation, and tax implications. Careful planning is needed to maximize value and ensure a smooth transition.



Life Insurance and Annuities

Life Insurance and annuities can provide protection, guarantees, and tax-benefits to you and your heirs, but it's crucial to structure these properly to obtain the full benefits and they may not be a fit for everyone.



Retirement Accounts

Some retirement accounts grow tax-deferred during your life, but ordinary income tax is owed on any distributions, including those made after your death. Roth accounts are funded with after-tax dollars, meaning distributions are always tax-free. It's important to be strategic when considering these accounts and their role in the financial plan and investment strategy.



Taxable Investment Accounts

Non-retirement, or taxable investment accounts, are taxed along the way as they accrue dividends and interest, but the person inheriting the account typically receives a "step-up" in basis, allowing embedded gains to pass tax-free.

Beyond the types of assets available to invest, there is the question of your capacity and tolerance for risk. Do you want to invest aggressively for long-term growth, to leave as much as possible for future generations? Or would you rather invest more conservatively, avoiding unnecessary risk and focusing instead on preserving the wealth you already have?



A financial advisor can put all these variables into context and recommend a financial strategy that will help you maximize wealth and reduce taxes for you and your loved ones for years to come.

STEP
02

Develop an Estate Plan According to Your Wishes

Now that you've got a financial strategy in place to meet your own goals while also maximizing the generational wealth you can pass down to your loved ones, the next step is to ensure that wealth will pass along as you intend.



The Basics of Estate Planning

People often think of estate planning as something you do “when you're older.” But no matter what your age or means, neglecting to have an estate plan in place can be problematic, even disastrous, for your loved ones.

If you died tomorrow, do you know what you're leaving behind, and to whom?



What is an estate?

The term “estate” refers to the assets and property you plan to pass along to other individuals and/or organizations following your death. These assets can include cash, real estate, investments, personal property, and any other assets owned by the deceased person.

It doesn't matter if the value of what you're passing along is a little or a lot - it's still an estate, and it's still important to take steps to ensure it's passed along as you intend, in a way that will maximize its value and avoid unnecessary taxes.

Proper estate planning provides a detailed set of instructions on how what you have now (money and assets) will be distributed after your death. Your estate is also the last thing you'll be able to give to your loved ones or contribute towards the causes you care about. Creating an estate plan may give you the comfort of knowing that your wishes will be carried out when the time comes.

There are a number of legal options and tools available to transfer wealth. Which one(s) are best for you will depend on your particular assets, needs, and wishes. Here is a brief overview of the options.



Creating a will

A will is a legal document that outlines how your individually owned assets (a.k.a “probate assets”) will be distributed after your death. It also names an executor – the person who will manage your estate and carry out your wishes, including paying off debts, distributing assets to beneficiaries, and filing tax returns – and appoints a guardian in the event you have minor children.

You should name a competent executor in your will, and make sure to update your will if you need or desire to change who that person is. If you don’t name an executor (or if the executor can’t serve for some reason) the court will appoint an administrator to settle your estate according to the terms of your will. Typically, the executor is a spouse or a close friend or family member, but you may want to name a professional executor, such as a bank or attorney. You’ll want to choose someone whom you trust will be able to carry out your wishes as stated in the will.

Creating a will is essential, regardless of your age or financial status. Without a will, your assets may be distributed according to state law, which may not align with your wishes. It’s important to note, however, that beneficiary-designated, jointly-owned, or trust-owned assets will not pass under the will.



“ No one likes to think about aging and facing their mortality, but putting a plan in place now can provide peace of mind and provide you control over your future. Every generation needs to plan.

– Allison T. Poirier
Probate, Estate Planning, and Elder Law Attorney
Kahan Kerensky Capossela, LLP



Creating a trust

A trust is a legal arrangement in which a trustee holds assets for the benefit of the beneficiaries named in the trust. Trusts can be revocable, meaning they can be changed at any time, or irrevocable, meaning they cannot be changed after they are created.

Revocable Trusts (a.k.a. living trusts or inter vivos trust) tend to be used primarily to ensure assets avoid passing through probate.

Irrevocable trusts are used for purposes of protecting assets from taxes, potential long-term health care costs, or other creditors.

Both types of trusts, however, offer the only means of controlling the disposition of assets well after you die – not just to whom and how much, but also how assets are to be managed, how often a beneficiary is entitled to receive a distribution, where the assets will pass after the death of a beneficiary, and more.

These types of ongoing trusts can be very useful for beneficiaries who are minor children, financially irresponsible, or who may get divorced or become subject to any other creditors.



Power of Attorney and Advance Healthcare Directives

A power of attorney is a legal document that gives someone else the power to make financial decisions on your behalf if you are unable to do so.

An advance healthcare directive, which often includes a living will, gives someone else the power to make medical decisions on your behalf if you are unable to do so, and outlines your wishes for receipt or withholding of medical treatment if you are at end of life. **Both of these documents are important for ensuring that your wishes are followed if you become incapacitated.**

Once you've worked with an attorney to develop an estate plan and have documents drafted, it's imperative that asset titling and beneficiary designations are updated accordingly. Otherwise, you run the risk of having ineffective documents (more on that later). Your financial advisor and estate planning attorney should coordinate on the implementation of the estate plan to ensure your wishes are protected.

Getting Your Affairs In Order: It's Not Just About a Will

While a will is important to have, it should never be the only tool you use to pass along wealth. In addition to creating a will, the following three methods actually offer a more efficient means of ensuring your wealth is passed along as you wish.



Designate beneficiaries – and keep them up-to-date.

Assets pass will pass directly to your heirs if you establish payable-on-death provisions for your savings accounts and CDs. Ask your financial advisor to set up transfer-on-death provisions for brokerage accounts containing stocks, bonds, or mutual funds. Your retirement accounts, such as profit-sharing plans, 401(k)s, and IRAs can also pass along to designated beneficiaries. Finally, life insurance death proceeds will avoid probate, provided you name a beneficiary other than your estate.



Own property as joint tenancy with rights of survivorship.

Assets owned as joint tenancy with rights of survivorship pass automatically to the surviving joint owner(s) at your death. To establish joint ownership, you may need to record new real estate deeds, titles for your car or boat, stock and bond certificates, statements of account for mutual funds, registration cards for your bank accounts, and other assets. This costs little and usually does not require a lawyer. Some drawbacks are that the joint owner has immediate access to your property, and your joint owner's creditors may reach the jointly held property.



If you have a revocable living trust, remember to use it!

A trust is like a basket that holds your assets. A revocable living trust is flexible enough to include almost any asset that you own. So if you have one, remember to fund it.



Even if your attorney creates a living trust for you, it's up to you to ensure that the trust is funded – simply creating the trust doesn't mean anything has been placed into it. Work with a financial advisor to determine all the assets that make sense to transfer into the trust, and then transfer them – both at the time of the trust's creation, and as you acquire new assets.

While you are living, you can act as the trustee and can add or remove property as you see fit. You can also terminate or amend the trust at any time. Having assets held in a revocable living trust means they will pass according to the terms of the trust.

When you die, your successor trustee distributes the trust assets to the trust beneficiaries, according to the trust agreement.

Trusts can be a very beneficial estate planning tool, but it is important to work with an experienced estate planning attorney when implementing a trust to make sure it is properly established. In addition, it is important to note that a revocable living trust does not shield your estate from your creditors, creditors of your estate, or estate taxes. If those are among your objectives, an irrevocable trust may be a better option.



Part 2

What to Know If You Are **RECEIVING AN INHERITANCE**

Up to 70% of people who receive an inheritance or other large sum of money will lose it within a few years. That's why it's so important to have a strategy in place to make the most of your loved one's final gift.

Of all the financial strategies that many people have in place, an inheritance strategy is usually not one. Having a plan in place can make a huge difference, not only for you but for the loved one leaving the inheritance.

In this section, we'll cover the basics, including exactly what inheritance includes. Then, we'll walk you through these five important steps to follow when receiving an inheritance:

1. Coordinate with your trusted team
2. Understand your tax obligations
3. Keep quiet about specifics
4. Avoid making sudden decisions
5. Pay off debt strategically



Even in the best circumstances, dealing with an inheritance can be complicated. Working with a skilled financial advisor can help make sure your inheritance is working for you, not against you.

– James Zahansky, AWMA®
WHZ Principal/Managing Partner
Investment Advisor & Chief Goals Strategist

The Basics of Inheriting

Let's start with the basics – what exactly does “inheritance” include?

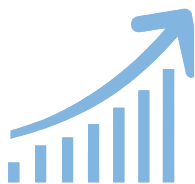
Inheritance refers to the transfer of assets and property following the death of an individual. **These assets can include...**



Money



Real Estate



Investments



Personal Property

...and any other assets owned by the deceased person. It is essential to take some time to understand exactly what is being passed down because that information will influence what you need to do in each of the five steps that follow.

One of the first things to consider is the type of inheritance you're receiving. Is it cash, property, or investments? Understanding the type of inheritance you are receiving can help you plan your next steps.

Regardless of the type of inheritance you will or have received, there are five important steps to take...

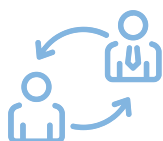
STEP
01

Coordinate With Your Trusted Team

Before making any hasty decisions, you should assemble a team of financial professionals you can trust to have your best interest at heart.

If you do not yet work with financial professionals, take your time finding those who are familiar with your situation or who have worked with others in similar situations. When a large amount of wealth is involved, you need to know you have professionals with the right intentions.

You'll likely want to coordinate with your:



Financial advisor: With this important change in financial status, you'll want to speak with your financial advisor regarding the effects this inheritance can have on your total financial picture.



CPA: You'll want to work with your CPA to understand the possible tax implications this new inheritance could have on the upcoming tax season.



Attorney: You may already be well aware of the liability and life insurance measures that should be taken, but it won't hurt to work with your attorney to make sure you, your family, and your money are protected.



Insurance agent: Beyond a lump sum, some high-net-worth inheritances could include art collections, classic cars, jewelry, and more. To keep your new collections protected, you may want to meet with your insurance agent to discuss these inherited valuables.

STEP
02

Understand Your Tax Obligations

According to the IRS, **individuals can currently leave up to \$13.99 million to their heirs** without paying any federal estate tax, as of 2025 (though that figure is likely to be much lower beginning in 2026 – more on that in a bit).



If your loved one is leaving you more than that, their estate could be hit with a **40% federal tax bill**, or more if their state also has an estate tax.



The good news is, **there is no inheritance tax at the federal level**, meaning the beneficiary of the estate would not be required to pay taxes upon receipt of the inheritance. **However, six states do currently employ a state inheritance tax in addition to the estate tax:** Nebraska, Iowa, Kentucky, Pennsylvania, New Jersey and Maryland.



Keep in mind that if you inherit physical assets such as vacation properties, family homes, cars, antiques, jewelry, and art, **you will be required to pay a capital gains tax should you decide to sell** any of these valuables at a later date. This tax is the difference in value (only if it is an increase) of the item from the day you received it and how much it sold for.

As an example, if you received a vacation property that was valued at \$500,000 and sold it three years later for \$750,000, you would be taxed on the long-term capital gains of \$250,000.



To avoid any tax pitfalls, you may want to discuss all of the tax implications receiving an inheritance could have in the upcoming tax year and later down the road with your financial planner or CPA as soon as possible.

STEP
03

Keep Quiet About Specifics

When receiving a large sum of money, you could easily be tempted to post about it on social media, tell your friends and neighbors or discuss it with extended family. **Resist the urge.**

Making it well known that you've recently received a large sum of money could put you in a number of uncomfortable situations:



It could make you especially susceptible to unwanted business or investment pitches.



It could set an expectation that you're willing and able to pay for friends and family in social settings (going out to eat, vacationing, etc.)



Especially in the case of high-net-worth families, wealth may not be distributed evenly among the deceased's children and grandchildren. For this reason, you may not want to be too specific with your brothers, sisters, aunts, or uncles with regard to how much inheritance you received.

STEP
04

Avoid Making Sudden Decisions

You may be accustomed to living a financially comfortable lifestyle, but almost no one is immune to the emotional excitement of receiving a large lump sum of money.



Whether you get a one-time payout or payment over multiple years, you may feel a sense of sudden financial independence that entices you to quit your job or retire early. Or you may be tempted to head to the car dealership or book an exotic vacation.



Stop and take some time to digest your new financial standing and think about your options. In the heat of the moment, you can be much more prone to making rash or unwise financial decisions instead of weighing your debt repayment or investment options, which are likely to be much more beneficial for you in the long run.



This is why working with a team of level-headed, objective professionals can be immensely helpful. They will take an objective approach to helping you make financially sound decisions that are not emotionally charged or impulsive.

STEP 05 Pay Off Debt Strategically

If your first instinct is to pay off all of your debt, take a pause. This could be a good choice, but you want to be strategic about what debt you decide to pay off and which you end up keeping.



For example, it may be beneficial to pay off high-interest debt such as student loans and credit cards. But for loans with lower interest rates, such as mortgages or auto loans, you may actually be better off using that money to invest instead.



Why? In some cases, the long-term growth and appreciation from certain investments can exceed the interest you're paying on certain loans. But because everyone's unique financial standings are different, these options are best discussed with a trusted financial professional.



Making your inheritance last takes proper management, discipline and teamwork.

As you move through the five steps we just covered, remember to take your time and ask your team any questions you may have. Even if you've already accumulated wealth yourself, when it comes to handling a large influx of wealth you may not have all of the answers. So take your time now to preserve your inheritance for years to come.

Part 3

THE WEALTH TRANSFER PROCESS

How to Maximize Money & Reduce Stress

Whether you're planning to leave or receive an inheritance, the process can be overwhelming. There's a lot to consider, and the decisions you make today could have a lasting impact on generations to come.

Educating yourself on some key planning strategies – and working with a team of trusted professionals to help implement and execute them – can give you confidence and clarity around the wealth transfer process.

In this section, we'll discuss crucial steps that will help you maximize money and reduce stress when leaving or receiving an inheritance:

1. Know the tax-efficient strategies available for transferring wealth
2. Be sure to periodically review and revisit your wealth transfer plan
3. Know the most common planning pitfalls – and how to avoid making them



“

When my uncle passed away

he left a complex estate to my brothers and me, so we reached out to Weiss, Hale & Zahansky for help in figuring out the best way to handle the inheritance. We were all amazed at how organized, courteous, and communicative they were. The moment I walked in there and met them, I was very comfortable and knew it was going to be a good experience, and now I'm working with them for my own retirement savings as well. They've been excellent guides to direct me, make suggestions, and give me the information I need versus having to do it all myself.

— *Michael Saitas*
WHZ Client

This statement was provided 2/12/2024 by Michael Saitas who is a client. This statement may not be representative of the experience of others and is not a guarantee of future performance or success. For additional reviews, search us wherever local businesses are reviewed.

STEP
01

Know the Tax-Efficient Strategies Available for Transferring Wealth

Whether you're planning how to pass down your estate to loved ones or you've just inherited part or all of an estate yourself, the process can feel overwhelming.

Typically, thinking about taxes is the last thing you want to do. But failing to do so can result in the needless loss of a sizeable chunk of the wealth that you or your loved one worked so hard to earn and preserve.

Creating a tax-efficient strategy for the transfer of wealth is a complicated process though, and the right tactics will be a bit different for each individual and family. That's why it's strongly encouraged that those decisions be made with the guidance of professionals (more on that later).

At a high level, here are several important things to know about estate and inheritance taxes, and how to minimize them...



“ There are tax-advantaged accounts and investments that can help to reduce your tax liability so you can keep more of your money for the goals you have in life.

– Jonathan Matthews
WHZ Associate Vice President, Wealth Advisor

Types of Tax

There are two types of tax to be aware of: estate tax and inheritance tax.

Estate tax is applied to the estate's assets before the assets are allowed to pass on to beneficiaries. In 2025, IRS rules allow individuals to leave up to \$13.99 million to their heirs without paying any federal estate tax. There are 13 states that levy state estate taxes as well, including Connecticut; their thresholds are sometimes lower.

Inheritance tax is applied after the assets have been inherited and are paid by the inheritor. The good news is, there is no inheritance tax at the federal level. However, there are six states that currently employ a state inheritance tax: Nebraska, Iowa, Kentucky, Pennsylvania, New Jersey and Maryland.

Using these guidelines, it's fairly simple and straightforward to determine whether the wealth you're leaving or receiving would be subject to taxes today.

But you must also consider these unknowns, which impact potential taxation in the future:



- Value of assets now vs. in the future
- Whether tax laws and estate tax exemption amounts will be different in the future
- When exactly the assets will pass on



Because of these variables, it is wise to consider strategies that proactively manage the size of your estate to minimize the risk of being subject to estate taxes – even if the estate doesn't meet the current thresholds for taxation.

Tax Saving Strategies

Whether you have a taxable estate at current levels or not, here are some strategies for minimizing the likelihood of paying estate taxes in the future:



Make lifetime gifts.

Gift-giving is a great way to maximize the use of the current exemption amount before it potentially decreases in the future due to changes in tax laws. Assets that already have a high tax basis and/or are likely to greatly appreciate in value may be attractive candidates for gifting.

Be mindful, however, that gifting above the annual exclusion amount of \$19,000 per recipient (or \$38,000 if gift-splitting with a spouse) will result in a decrease of your estate tax exemption amount.

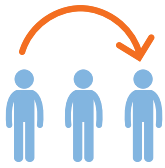
The following are usually nontaxable gifts, meaning they don't count towards the annual exclusion for lifetime estate tax exemption amounts:

- Gifts to your spouse
- Gifts to qualified charities
- Gifts totaling \$19,000 or less per person, per year – \$38,000 if you and your spouse can split the gifts (as of 2024)
- Tuition payments on behalf of an individual directly to an educational institution
- Medical care expenses paid directly to the provider on behalf of an individual



Create an irrevocable trust.

This will decrease the size of your estate, since assets owned in an irrevocable trust will not be includable as part of your gross taxable estate. This can help minimize estate taxes and protect assets for your heirs.



Use the generation-skipping transfer (GST) tax lifetime exemption.

The generation-skipping transfer (GST) tax is a tax on the transfer of assets to a person who is at least 37.5 years younger than you (ex. grandchildren, great nieces, great nephews, or any other beneficiary two or more generations below you, whether that person is a relative or not).

The GST was created to prevent wealthy individuals from “skipping” a generation of estate and gift taxes by bypassing their children and leaving their wealth to their grandchildren. The IRS wants every generation to have to pay those taxes. However, as with estate and gift taxes, there is a safe harbor – an exemption amount to which the GST does not apply. **Effectively using the GST exemption can avoid the need for assets to be taxed both at your death, then again at your children’s death**, by bypassing your children and leaving assets up to the exemption amount directly to (or in trust for) your grandchildren.

As of 2025, this exemption amount matches the federal estate tax exemption of \$13.99 million. This means an individual can transfer up to \$13.99 million to grandchildren or other younger beneficiaries gift estate, and GST tax free. After the exemption is used up, any additional transfers are subject to a flat GST tax rate of 40% (as of 2025). While transferring assets into a trust for grandchildren avoids estate taxes for your children's generation, those assets may still incur GST taxes when the grandchild ultimately receives the assets, unless the GST exemption is fully utilized.



Contribute more to your life insurance policy.

Life insurance proceeds are usually not subject to estate taxes, which means they can be used to pay estate taxes or provide extra assets to beneficiaries. Survivorship life insurance policies are often utilized to ensure that your heirs' tax liabilities aren't as large. By using life insurance, you can help to ensure that your beneficiaries receive the full amount of your estate while also providing liquidity to pay for any estate taxes owed.



Consider charitable giving.

Charitable giving allows you to support causes you care about while also providing significant estate planning benefits. By incorporating charitable gifts into your strategy, you can effectively reduce the size of your estate, potentially lowering your estate tax liability. Charitable contributions may also provide you with a tax deduction, allowing you to optimize your overall tax position while making a positive impact on society.



Charitable Trusts and Foundations

One way to leave a charitable legacy is to establish a charitable trust or foundation. These entities can carry on your giving after you're gone and ensure that your legacy continues.

Donor-Advised Funds

These funds are administered by a public charity, and allow donors to make charitable gifts, receive an immediate tax deduction, and then recommend grants to charitable organizations from the fund over time.



Bequest

A bequest is a gift made in your will or living trust to a charitable organization or cause that is important to you. Leaving a bequest allows you to continue to support the causes you care about long after you're gone.



It's important to carefully analyze and consider the above options and other factors before making any decisions.

It's also important to keep in mind that state estate taxes are separate from federal estate taxes. Some states have lower exemption amounts than the federal government, meaning that your estate may be subject to state estate taxes even if it's not subject to the federal estate tax. Consulting with professionals including a financial advisor, CPA, and attorney is recommended to make informed choices and to ensure compliance with the law.

STEP
02

Be Sure to Periodically Review and Revisit Your Wealth Transfer Plan

Having a plan is a crucial first step to ensuring wealth will pass according to your wishes, but reviewing and revising it periodically is necessary to make sure it remains sound.



Life happens. Ensure your plan reflects your new reality.

You should review your overall financial plan at least annually, and it's a good idea to revisit your estate plan at least every 2-3 years, or any time you experience a major life event. Your goals and values may shift over time, and proper planning is an active process that can be tailored to you, ensuring your legacy is protected and your wealth can transfer as smoothly as possible.

Here are just some of the life events that could prompt revisions to your planning.

- Change in you or your spouse's financial or other goals
- Marriage or divorce
- Illness or disability of you or your spouse
- Change in your life or long-term care insurance coverage
- If any family member passes away, becomes ill, or becomes disabled
- Death or change in circumstance of your executor or trustee
- Large increases or decreases in the value of assets
- Purchasing a home or other substantial asset
- Borrowing a large amount of money or taking on liability for any other reason
- Career changes, such as a new job, promotion, or if you start or close a business
- The birth or adoption of a new child or grandchild
- When a child or grandchild becomes a legal adult
- When a child or grandchild needs financial assistance with education
- Death or change in circumstances of the guardian named in your will for minor children
- If you have a new dependent, such as the addition of caring for an adult



Changes in Tax Law - The Great Unknown

State tax laws have undergone changes recently, with more scheduled to go into effect in the coming years, and still others that are being considered. It's critical to stay abreast of these changes to avoid either paying more than you need to in taxes, or facing penalties for non-compliance.

Perhaps the biggest challenge in estate planning is the lack of certainty about what future tax laws will look like. Proper estate planning will reflect the rules in place today while leaving enough flexibility to adjust for what is almost certain to be a vastly different landscape in the future.

Here are a few examples of tax law changes that may impact your wealth transfer planning.



Sunsetting of the Tax Cuts and Jobs Act

Many of the major changes to tax laws introduced by the Tax Cuts and Jobs Act (TCJA) in 2017 will expire in 2025 and return to the previous rules. One change that could cause concern is the rollback of the estate and gift tax exemption, which would reduce the threshold to qualify for the exemption by more than half.

Currently, the exemption is at its highest level of \$13.99 million per person, or \$27.98 million per married couple (as of 2025). However, unless Congress enacts new legislation to keep estate tax exemptions high, on January 1, 2026, it will revert to \$5 million, adjusted for inflation, which equates to roughly \$7 million per person, or \$14 million per married couple in 2026 – less than half of its present value.

For estates exceeding these exemption amounts, the federal tax rate will be set at 40%, in addition to state death taxes where applicable. If your estate exceeds this amount, you should act now to implement strategies that will help to lessen the impacts on the wealth that you will transfer.

➤ Loss of the IRA “Stretch” and Tax Implications

In 2019 the government passed the SECURE Act, which affected certain aspects of retirement savings, distributions, withdrawals, and estate planning.



Previously, non-spousal beneficiaries of the deceased’s IRA could stretch distributions out over the rest of their estimated lifespan. But with the recent changes enacted, the account **must be distributed over a 10-year span**.

Exceptions include those who are disabled or chronically ill, less than 10 years younger than the deceased, or under the age of 18.



If you don’t fall into any of those categories, this shorter distribution period will likely mean a greater tax burden for you, because the higher yearly withdrawals required to meet the 10-year requirement could significantly increase your total income.

The best way to avoid this is by talking with your loved one who will be passing on their wealth regarding how they might be more strategic about how they draw from their retirement savings. For example, they could strategically withdraw more from IRAs, thereby leaving more non-retirement assets which could be preferential from a tax standpoint for the beneficiary.



If your loved one has already passed and you have already inherited the IRA account, work with a financial advisor to come up with a strategy for receiving your inheritance over the 10-year window. Whether you want to pay down debts or accelerate the timeline of some of your goals, you’ll want a tax-smart strategy for how and when you take distributions from your inherited account.

➤ Proposals to Change Step-Up In Basis Rules

The stepped-up basis, also known as the step-up cost basis, is a way to adjust the capital gains tax. It applies to any assets that are passed on through inheritance.



When someone inherits capital assets such as stocks, mutual funds, bonds, real estate, and other investment property, **the IRS “steps up” the cost basis of those assets.** This means that for the purpose of capital gains tax, the IRS adjusts the cost basis of any given investment asset to its value as of the date of death. When the heir sells this asset, they only pay taxes on the appreciation between death and when they sell it.

*By keeping highly appreciated securities or real estate within the estate, individuals can pass on more of their wealth in a tax efficient manner. **This is a crucial strategy for estate planning.***



However, there have been repeated attempts to pass legislation that repeals the step-up in basis rule in an effort to generate more tax revenue from assets transferring at death. None have passed thus far, but it remains a topic of interest for legislators so it’s critical to remain aware of any changes that may come to fruition in the future.



Working with a proactive and strategic wealth management firm and financial advisor can provide you with confidence that you will be alerted to any changes in the rules. Your advisor can then recommend appropriate adjustments to your estate and/or financial plan in order to keep it as tax efficient as possible.

STEP
03

Know the Common Planning Pitfalls – And How To Avoid Them

This is where much of the stress and even financial loss can occur for your beneficiaries down the road. Here's what to know, and what to look out for...



Having Assets Pass Through Probate

Probate is a court-supervised process that settles all of your financial affairs – both your assets and your debts – after your death. States continue to revise their probate laws, making them more consumer-friendly, particularly for small estates. For most modestly sized estates, the probate process now costs little.

However, some major drawbacks to probate do exist, including:

Time: The process averages six to nine months to complete but may take up to two years or more for some complex estates, tying up the assets that your family may need immediately.

Cost: There may be considerable costs, including court, attorney, and executor fees, all of which get deducted from the value of the estate. For a larger estate, the cost may be as high as 5 percent of the estate's value.

Privacy concerns: Another significant drawback of probate is that probate proceedings are a matter of public record, meaning that personal and family financial information is available to anyone who wants to see it. This can add complication and stress to the process for the executor and your beneficiaries.

THE SOLUTION:

Regardless of the size of your estate, no one wants their assets tied up in a lengthy, public, court proceeding, nor do you want to pay more in fees than you need to.

Luckily it's easy to bypass probate with proper estate planning. Generally, assets will NOT be subject to probate when they fall into one of the following categories, as explained in Part 1 of this guide (click on each to go back and read more about it):



- Assets that have a named beneficiary
- Jointly owned assets that pass to a surviving spouse or owner
- Assets that are held in a valid trust



So while having a will is important, optimal estate planning will also include one or more of these strategies to allow most assets to pass directly, pre-empting the will and without being subject to the probate process.

Think of the will (and the probate process) as the safety net for anything that doesn't pass by one of these more direct, probate avoiding methods.



“ *The consequences of neglecting to write a Will can be problematic, even disastrous, for your loved ones no matter what your age or how modest your means.*

– Leisl L. Langevin, CFP®, CDFA®
WHZ Senior Vice President & Financial Advisor



Don't "DIY" Your Estate or Inheritance Planning

In today's age of easy access to information and online resources, the idea of handling complex tasks on your own has become more enticing. But estate planning is hard, and mistakes could cost you. The process involves critical legal and financial considerations, and even a minor mistake can have significant consequences for you and your loved ones.

THE SOLUTION:

Invest in working with a team of experienced professionals – a financial planner, CPA, and lawyer – who can guide you through the process and ensure that everything is done correctly, completely, and as tax-efficiently as possible along the way.

If you're wondering if enlisting the help of professionals is really worth the it, here are just a few reasons DIY estate planning and inheritance management can be a risky proposition...



Legal Disputes

Laws governing estate planning and inheritance vary widely from jurisdiction to jurisdiction, and failing to adhere to the specific regulations applicable in your area could lead to unintended consequences, including legal disputes and contested wills. Generic DIY estate planning templates may also not account for your specific circumstances, leading to incomplete or ineffective plans that fail to address your family's needs adequately. Ambiguities and inconsistencies in a DIY estate plan can cause family conflicts and estrangements. These conflicts can irreparably damage relationships, creating a legacy of discord rather than unity.

A lawyer that specializes in estate planning possesses the knowledge and experience to guide you through this intricate process, ensuring that all legal requirements are met and your wishes are accurately represented. He or she will also have access to specialized software and tools that can draft legally sound documents, streamlining the process and reducing the likelihood of errors.

Improper Documentation



Ending Up With Documents You Don't Really Need – Or That Create Needless Problems

DIY legal document sites do not always provide a detailed summary of what specific documents accomplish, so it can be difficult to discern if a document is right for your situation.

For that reason, many people tend to rely on what they've heard other friends or family members have done with their estate plan. But your assets, plans for distribution to beneficiaries, and/or family dynamics might be completely different from theirs, so what worked for them might not work for you.

Simply checking boxes off on a template form without understanding all their implications may leave you with documents that are providing little to no benefit, and may even potentially make your estate more complicated than it needs to be.



Ending Up Without Documents You Do Need

Similarly, instead of checking too many boxes, you may not end up checking enough boxes. For example, let's say you did a simple Will, but were not aware you should have also updated your beneficiary designations. This may mean that certain assets won't pass under your Will.

Even if you obtained a Will and also took the additional step to update your beneficiary designations, you may not have known to also implement a Power of Attorney or Advanced Medical Directive. This will leave you without legal coverage to enforce your wishes in the event you become incapacitated during your lifetime.



Ending Up With "Bad" Documents From An Internet Search

With so much information readily available to us on the internet, it is tempting to search for legal documents through a search engine. It is possible that this strategy may work, but there is no guarantee that the documents that you're getting are the right ones.

For example, if you are a resident of Florida and search for “Power of Attorney” through a search engine, you will probably instantly get hundreds, if not thousands, of Power of Attorney Forms. **What you may not be aware of is that not all of these forms will necessarily be in compliance** with Florida law. The form you end up choosing (if you’re not careful) might be a California form Power of Attorney or Texas form Power of Attorney.

In addition, in some states such as Connecticut, there are both “short form” Powers of Attorney and “long” Powers of Attorney. Depending on your circumstances, you may want one form rather than the other, but without legal counsel, you may not be aware of that and could end up with a “bad” document that does not do what you intend it to do.



Improperly Executed Documents

Lastly, one of the biggest problems with DIY documents is that they are not executed properly.

For example, in Connecticut a Will needs to be signed by the testator (i.e. person whose Will it is) as well as by two witnesses who watched the testator sign the Will. Those witnesses cannot be anyone who is named in the Will as either a beneficiary or a fiduciary (ex. executor, personal representative, etc.). If the Will is not executed in accordance with these instructions, the Will is most likely to be deemed to be invalid and the testator will be deemed to have died as if he/she had no Will (i.e. died intestate).



It is important to note that different states have different rules on how certain documents are required to be executed, so you must be careful to abide by the rules of your state.



Unnecessary Tax Consequences and Investment Risks

One of the most significant risks of DIY estate and inheritance planning is inadequate tax planning. Estate taxes, inheritance taxes, and gift taxes can substantially impact the value of assets passed down to beneficiaries. Without a comprehensive understanding of applicable tax codes, individuals may unwittingly expose their estates and/or inheritance to unnecessary tax burdens.

Proper investment management is also crucial to preserve and grow the value of these assets over time. Inheritance often includes a diverse portfolio of assets, ranging from real estate to stocks and bonds. **A DIY approach might lack the necessary understanding** of investment strategies and market dynamics to effectively manage these various assets.



An experienced wealth manager who acts as a fiduciary can help you identify opportunities for tax optimization through strategies such as gifting, trusts, and charitable giving. Through these strategies, he or she can help you to minimize tax liabilities while maximizing the value of the estate through a sound, long-term investment strategy.



“*Jumping into the world of investments is an exciting move, yet it may be overwhelming to manage a financial portfolio yourself. Financial advisors possess the experience to make strategic, educated decisions, steering your portfolio with an unwavering commitment to your financial goals and objectives.*”

– Holly C. Wanegar, CFP®
WHZ Associate Vice President & Wealth Advisor

Avoid Falling Prey to The Challenges of Sudden Wealth

A sudden influx of wealth, while promising a brighter future, also brings along unique challenges that individuals must navigate with prudence and awareness.



The first and most common challenge is the temptation of excessive spending.

When newfound wealth arrives, the immediate inclination might be to indulge in lavish spending sprees and acquire material possessions that were once out of reach.

THE SOLUTION:

Setting clear financial boundaries for yourself and adhering to a well-structured budget will safeguard your newfound wealth from vanishing as quickly as it appeared. Partnering with a financial advisor and educating yourself about wealth management are also pivotal steps in avoiding the pitfall of reckless spending. By creating a comprehensive financial plan, you can allocate funds for present enjoyment while also ensuring long-term financial security. This disciplined approach will shield you from the seductive allure of immediate gratification.



The Burden of Expectations

Sudden wealth often leads to heightened expectations from friends, family, and acquaintances. The pressure to provide financial assistance or engage in extravagant social events can be overwhelming. Striking a balance between generosity and self-preservation becomes a delicate act.

THE SOLUTION:

Communicate openly with loved ones about your financial goals and limitations. Set clear boundaries and be transparent about what you're comfortable with. While supporting those in need is admirable, prioritizing your own financial well-being is equally important.



Identity Crisis and Isolation

Sudden wealth can even sometimes trigger an identity crisis, as individuals grapple with the transition from their previous socioeconomic status to a new one. This shift may lead to feelings of isolation and disconnection from their former social circles.

THE SOLUTION:

Engaging in self-reflection and seeking professional guidance can aid in managing the emotional turmoil associated with newfound wealth. Defining your values and seeking meaningful ways to give back to your community can help you establish a sense of purpose beyond material wealth.



Uninformed Investment Decisions

Managing substantial wealth requires astute investment decisions. The fear of losing what you've gained can lead to impulsive choices that result in financial setbacks.

THE SOLUTION:

Diversifying your investment portfolio and seeking advice from financial experts mitigate the risk of hasty decisions. A well-diversified portfolio cushions against market volatility and enhances the potential for sustained growth.



The Challenge of Legacy Building

Sudden wealth brings forth the responsibility of leaving a lasting legacy. Deciding how to pass down your wealth while preserving your values can be a complex and weighty decision.

THE SOLUTION:

Enlisting the services of estate planning professionals can assist in creating a robust plan for distributing your wealth according to your wishes. Consider philanthropic endeavors that align with your values, leaving a positive impact on generations to come.

Inheritance Conflicts And Legal Options for Resolving Them

All estate plans are not created equal. So even if you already prepared estate planning documents, if the estate planning attorney didn't have a comprehensive understanding of your assets, your estate planning goals, family dynamics, etc., there could be dynamics that may not be addressed and which could cause issues following your death. Additionally, even a comprehensive plan does not last forever and may need to be updated as your life, beneficiaries, and assets change over time.

Here are some of the most common situations in which inheritance conflicts can arise:



Disinheritance of A Specific Family Member

If one child is being disinherited, it is not uncommon for a Will (or Trust) to simply state that all assets pass to Child #1 and make no reference to Child #2. This can leave the door open to a potential Will contest, in which Child #2 can argue that they were unintentionally omitted.

THE SOLUTION:

To avoid this result, it is recommended that there be a statement specifically setting forth the testator's intent to not provide for the omitted child.



Blended Families

This is another situation that can lead to probate litigation or a great amount of family drama. For example, let's say that "Dan" has children from his first marriage but remarries to wife #2 following death of wife #1.

- Dan's will simply provides everything passes to wife #2 upon his death, and then to his children if wife #2 has predeceased him.
- Dan dies and all assets pass to wife #2.
- Wife #2 then remarries and leaves all assets to her new spouse, thereby disinheriting Dan's children.

It is unlikely this is the result that the man had intended. It is more likely the man intended for wife #2 to have the use and benefit of the assets during her life, and then have the assets pass to his children upon wife #2's death.

THE SOLUTION:

Be specific and as detailed as possible in all of your estate documents.

In this example, Dan could have ensured the result he intended by being more specific in the trust instructions, and explicitly stating that he was leaving the assets in trust for wife #2, providing that upon wife #2's death all remaining trust assets pass to his children.

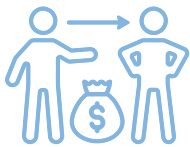


The Beneficiary Is Receiving State or Federal Benefits, Or May Be Subject to Creditors

If you wish to leave assets to a disabled beneficiary who is currently receiving benefits from various state or federal programs such as Medicaid or SSI, doing so outright may result in that beneficiary losing their eligibility for such programs.

THE SOLUTION:

A potential solution to this problem is to instead leave assets to the beneficiary in a Supplemental Needs Trust. This will allow the funds to be available to the beneficiary to cover any expenses not currently covered by their benefits, while still allowing them to remain eligible for such benefits.



As for a beneficiary who is or may become subject to creditors, leaving such beneficiary assets outright may result in those inherited assets simply being passed over to the beneficiary's creditors. For example, if your child is in a rocky marriage that will likely end in divorce, the last thing you want is to leave assets to the child that will ultimately end up in the hands of the child's soon to be ex-spouse.

THE SOLUTION:

A potential solution would be to leave assets in trust for the child for the child's benefit, and appoint someone other than the child (ex. friend, family member, corporate trustee, etc.) to manage the assets for the benefit of the child until such time as the child's life has become more stable.

FINAL THOUGHTS

Inheritance can be a complicated and emotional subject, but proper planning and management can help ease the process.

By following the steps outlined in this guide, you can be better prepared to leave or receive wealth. Strategic financial planning, investment management, and estate planning that are tailored to your unique goals and situation can make all the difference in successfully reaching your future ambitions.

Summary of key points:



Make a plan with proper documentation... and keep it updated.



Rules are ever-changing – working with skilled professionals will ensure your best interests are protected proactively and reactively.



Tax planning and investment management will help you preserve, protect, and grow your wealth in line with your goals, wishes, and values, for you and your loved ones for years to come.

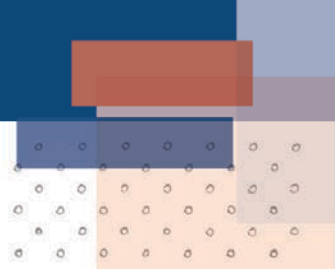


The importance of seeking legal and financial advice and taking appropriate actions to ensure inheritance planning and management cannot be overstated.



Having family wealth and preserving family wealth are two very different things. Seeking professional advice can go a long way toward helping to ensure your wishes are carried out and your inheritance is managed wisely.

HELPFUL RESOURCES



Estate Planning Resources

- [WHZ Wealth – Estate Planning Resource Center](#)
- [KKC Law – Estate Planning Blog Posts](#)

Inheritance Management Resources

- [WHZ Wealth – Inheritance Resource Center](#)
- [KKC Law - Probate Resources and Administration](#)

Additional Guides for Special Circumstances

- [Wealth Transfer Considerations for Women](#)
- [Estate Planning for LGBTQ+ Couples](#)
- [Transferring Your Family Business](#)
- [Cryptocurrency and Your Estate Plan or Inheritance](#)

CHECKLIST

For Planning Your Estate

Use this checklist to help keep you on track while planning for your estate:

- Make a will.** A will allows you to determine who inherits your assets and property after you pass away. It also allows you to name an executor to carry out your wishes and a guardian for any minor children.
- Consider a living trust.** A living trust avoids probate and keeps your estate private. Assets in a living trust transfer directly to beneficiaries upon your death.
- Review beneficiaries.** Make sure the beneficiaries on your retirement accounts, life insurance policies, etc. are up-to-date. These assets pass outside of probate.
- Look into powers of attorney (POA).** Grant someone POA so they can manage your finances if you become incapacitated. You'll need both a financial POA and a healthcare POA.
- Review asset ownership.** Jointly owned property with rights of survivorship passes directly to the survivor. Make sure ownership and deeds are set up to avoid probate.
- Plan for taxes.** Estate taxes apply to estates over \$13.99 million (in 2025). An estate planning attorney can help you minimize taxes.
- Consider Medicaid planning.** If you may need nursing home care, planning can help you qualify for Medicaid and prevent spend down of assets.
- Discuss end-of-life wishes** with your loved ones, such as whether you want life support, and outline these in your will.
- Pick guardians for minor children** and name them in your will to care for kids if something happens to you.
- Make a list of accounts** to help your executor locate all of your financial accounts and digital assets.



NEED HELP? WE'RE HERE FOR YOU.

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CHECKLIST

For Preparing to Receive an Inheritance

Use this checklist to help keep you on track while planning for your inheritance:

- Get organized.** Locate the will and other estate documents so you understand what you are inheriting.
- Pay close attention to deadlines.** Inheritances may require you to take action by a certain date.
- Evaluate the assets.** Understand what assets you're inheriting - real estate, investments, etc. Know the basis value for tax purposes.
- Consider selling assets.** If inherited assets like property or investments don't fit your strategy, consider liquidating them.
- Set up accounts.** If you're inheriting investments and accounts, set up new accounts in your name.
- Watch for fraud.** Beware of scammers who prey on inheritance recipients. Never give out personal information.
- Pay off debts.** Consider using your inheritance to pay down debts, especially high interest debt.
- Adjust your financial plan.** Factor the inheritance into your overall financial goals and plans.
- Review your estate plan.** An inheritance may require updates to your will or estate plan.
- Evaluate tax implications.** Understand any income or estate taxes so you can minimize taxes.
- Communicate with co-beneficiaries.** If you're inheriting with siblings/others, open clear communication.
- Preserve the money.** Avoid risky investments or splurging. Preserve the capital.
- Get professional advice.** Work with an accountant, financial advisor and estate attorney.



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WHZ Strategic Wealth Advisors (WHZ) is an award-winning, independent boutique wealth management firm dedicated to providing each and every client with “Absolute Confidence. Unwavering Partnership. For Life.”

Our goal is to help our clients Live Well by acting as a fiduciary in always serving their best interests through personalized, academic, and strategic financial planning and investments.

We are a partner of [Commonwealth Financial Network®](#), one of the largest privately-held independent RIA/broker-dealers in the nation*. (*As of 9/22, based on self-reported AUM data from 47 participating firms in the 2022 Financial-Planning.com IBD Elite survey.)

And for eleven years running, every eligible advisor on our team has earned the [Five Star Wealth Manager Award](#) – a recognition given to only 10% of wealth manager candidates in Connecticut.

2014 – 2024 Five Star Wealth Manager Award, created by Five Star Professional and presented in November 2024 based on data gathered between February 2024 and August 2024. A total of 3,710 Connecticut-area wealth managers were considered for the award; 282 (eight percent of candidates) were selected to receive it. Wealth managers do not pay a fee to be considered or selected for the award, although they may choose to pay a fee for use of marketing materials. The award is not indicative of an advisor's future performance, and your experience may vary. For more information about the award, visit [fivestarprofessional.com](https://www.fivestarprofessional.com).

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Team
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ABOUT



Kahan Kerensky Capossela, LLP (“KKC”), named 2023 Best of Hartford Law Firm, is a full-service firm employing over 40 legal professionals in 11 practice areas. Each of our attorneys focuses on specific areas of law to provide you with the exact support you need.

Our estate planning attorneys have decades of experience helping clients make sense of the options to accomplish their personal, financial, and asset transfer goals in the most cost and tax effective manner. We really get to know people on a personal level to create a custom estate plan as unique as they are.

We think you'll find working with us is like working with a trusted friend or family member. In our 59 years serving Connecticut, we've found our approach leads to better client experiences, better performance, and better results.

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