



WOLFGANG CAPITAL®

COMMON ESTATE PLANNING MISTAKES  
OCT 2025



### **MAINTAINING CONTROL DURING YOUR LIFETIME:**

- Nearly 70% of people turning 65 may require some type of long-term care services in their remaining years\*
- Without healthcare directives, families may face potential conflict and court intervention during medical crises
- Essential documents include medical power of attorney, advance directive, and HIPAA authorization
- Poorly drafted powers of attorney may lack critical provisions such as authority to sell property, fund trusts, or manage digital assets
- Financial power of attorney should be durable and may be general or limited, immediate or springing
- Revocable living trust may provide a comprehensive solution for managing assets during incapacity
- Trust-based planning may help avoid conservatorship proceedings which can be costly and time-consuming
- Conservatorship typically requires ongoing court supervision and may result in significant legal expenses

### **EFFICIENT TRANSFERS AT DEATH:**

- Without proper planning tools, state law provides default distribution plan that may not align with individual wishes
- Last will and testament or revocable living trust allows control over beneficiaries, distribution amounts, and timing
- Revocable living trust may offer additional benefits including privacy, potential creditor protection, and continuing management
- Digital assets include financial accounts, cloud storage, email, social media profiles, and e-commerce businesses
- Without digital asset planning, loved ones may lose access to critical documents, photos, and accounts containing money
- Solutions include creating comprehensive digital asset list, choosing fiduciary, and updating estate planning documents
- Retirement accounts require specific beneficiary designations separate from will or trust provisions
- Failing to designate beneficiaries may result in probate proceedings or unintended distribution
- Retirement withdrawals are generally taxable to beneficiaries—strategic planning may help manage potential tax burden
- Non-spouse beneficiaries typically face 10-year withdrawal requirements for inherited traditional IRAs
- Standalone retirement trust (SRT) may provide protection while managing tax implications and distribution timing
- Personal property including family heirlooms often causes significant family conflict without proper planning
- Tangible personal property memorandum allows flexible updates for distributing specific items

## **ESSENTIAL TAKEAWAYS**

- Comprehensive estate planning addresses three critical stages: maintaining lifetime control, efficient transfer at death, and protecting beneficiaries
- Healthcare and financial directives are essential for potentially avoiding court intervention during incapacity
- Revocable living trusts may provide comprehensive solutions for managing assets during incapacity and transferring efficiently at death
- Digital assets require specific planning to help preserve access for loved ones
- Retirement accounts need strategic beneficiary planning to help manage potential tax implications
- Personal property planning may help prevent family disputes over sentimental items
- QTIP trusts may help protect children's inheritance if surviving spouse remarries
- Trust-based inheritances may provide appropriate protection against potential creditor claims and divorce
- Regular updates may help ensure plans remain aligned with current laws and personal objectives
- Professional coordination between attorneys, tax professionals, and financial advisors may help optimize planning strategies



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ROTH CONVERSION STRATEGIES  
SEPTEMBER 2025



## PROTECTING LOVED ONES AFTER YOU HAVE PASSED AWAY

- Surviving spouse remarriage represents potential risk to ensuring children from first marriage receive intended inheritance
- Without protective planning, new spouse may inherit everything through intestacy laws or survivorship provisions
- QTIP trusts require all income distributed to surviving spouse at least annually
- Surviving spouse serves as sole lifetime beneficiary but cannot redirect trust principal to others
- QTIP trust becomes irrevocable upon first spouse's death, ensuring original beneficiaries ultimately receive assets
- Adult beneficiaries receiving outright inheritances face potential risks including creditor claims and divorce proceedings
- Trusts can be customized with age-based distributions, incentive provisions, discretionary distributions, or supplemental needs planning
- Adult beneficiaries may serve as trustee or co-trustee of their own inheritance trust depending on circumstances
- Trust provisions allow establishment of guidelines while providing flexibility for trustees to respond to beneficiary needs

## CRITICAL PLANNING CONSIDERATIONS

- Estate planning is lifetime process requiring regular review as laws and personal circumstances change
- Personal changes including marriage, divorce, births, and deaths may necessitate plan modifications
- Legal changes at federal and state levels can significantly impact existing estate plans
- Beneficiary designations should be reviewed regularly and updated to reflect current wishes
- Powers of attorney and healthcare directives should name current, capable individuals willing to serve

### **Victoria Scarth**

#### *Estate Planning Attorney*

Victoria graduated from Whittier Law School with her J.D. Degree in 2013. In addition to being an Estate Planning Attorney, Victoria is a licensed California real estate broker with an emphasis on trust and probate properties, as well as a certified divorce mediator.

She is a proud member of the California State Bar Association, the Riverside County Bar Association, the Southwest Riverside County Association of Realtors, Mediators Beyond Borders, the National Association of Realtors, and the California Association of Realtors.

Victoria is a mother of 8, who is heavily involved in the community. She participates on the board of several Philanthropies and is a member of the National Charity League.

*Important Disclosures: This information is provided for educational purposes only and should not be construed as personalized estate planning, tax, or legal advice. Estate planning strategies involve complex legal considerations with significant long-term implications for you and your beneficiaries. The strategies discussed may have specific requirements, limitations, and considerations that may not apply to your individual situation. Timing and Updates: Estate planning is an ongoing process. Documents and strategies that may be appropriate today may require updates as laws change or personal circumstances evolve. Regular review with qualified professionals may help ensure your plan remains aligned with your goals and current legal requirements. While trusts including revocable living trusts, trust-based inheritances, and QTIP trusts may offer benefits such as privacy, creditor protection, income provision, and asset preservation, they also involve setup and ongoing administrative costs, increased complexity, potential tax consequences, and may have limitations on their effectiveness depending on state law and individual circumstances. The suitability of any trust structure should be evaluated based on your specific situation, considering both potential benefits and associated costs and restrictions. Fee-based financial planning and investment advisory services are offered by Wolfgang Capital LLC, an SEC Registered Investment Adviser. Registration as an investment adviser does not imply any level of skill or training. Insurance products and services are offered through Wolfgang Financial Group LLC dba Wolfgang Financial and Insurance Agency (CA LIC # 0K07551). Tax Services offered through Wolfgang Tax & Accounting LLP. The aforementioned companies are affiliated companies. Legal services offered through Drovetta Law APC, an unaffiliated company. Neither Wolfgang Financial Group LLC nor Wolfgang Capital LLC provide legal or tax advice. You should always consult an attorney or tax professional regarding your specific legal or tax situation. \*Source: <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>*