



WHEN THE DUST SETTLES: Updating Your Estate Plan After Divorce

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DIVORCE CHANGES MANY THINGS— your daily life, your finances, and often the people you rely on. Amid these changes, one area that may get overlooked is updating your estate plan. Once the dust settles, it is essential to revisit your documents and designations.

Start by implementing any terms that are required by the marriage settlement agreement. If, for example, the agreement requires that you maintain your former spouse as a beneficiary of certain assets or carry specific life insurance coverage, ensure that requirement is satisfied. Any titled assets should also be updated based on the terms of the agreement. Neglecting to update ownership may leave your former spouse with unintended rights or create unnecessary complications.

Next, review all fiduciary appointments across your estate plan. Many people name their spouse as agent under financial or health care powers of attorney, personal representative under their will, or trustee of trusts. After a divorce, most people prefer someone else in these roles. State law automatically revokes a number of provisions favoring a former spouse upon divorce, including bequests, powers of appointment, and certain fiduciary roles. However, you should affirmatively confirm or update all current and successor fiduciary roles. Note that if you have an amicable relationship with your former spouse and you intend for them to still act under your plan, you will need to expressly document this.

It is equally important to review and update your estate plan's asset distribution and beneficiaries. If you created a joint revocable trust with your former spouse, you may need to amend or revoke that trust and create an individual trust. If you two created irrevocable trusts, consult with counsel about whether and how your interests or role with these trusts may be affected.

Updating beneficiaries requires not only updating your will and trust but also necessitates a thorough review of existing beneficiary designations (e.g., retirement accounts, life insurance, and financial accounts with "transfer on death" or "payable on death" instructions). Although the state laws mentioned above provide some protection, they may not be effective in overriding certain designations and contractual arrangements unless you actively change them. Solely relying on the statutory rules can leave significant gaps between what you intend and what will happen.

Finally, divorce also impacts long-term financial and tax planning. Your net worth, financial goals, and available tax exemptions may look very different moving forward. This is an important time to meet

with your trusted advisors to revisit gift and estate tax strategies, asset protection goals, and overall financial health and planning.

Updating your estate plan after divorce is crucial to ensuring that it reflects the recent changes in your life and your current wishes. A refreshed plan offers clarity, protection, and peace of mind as you step into your next chapter. If you have questions regarding updating your estate plan due to life changes, please contact Reinhart attorney Emily Capodarco or another member of Reinhart's Trusts and Estates Practice.



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