When Death Is Imminent: A Planning Checklist

Estate planning is best done during good health and without any sense of time urgency. Unfortunately, most of us postpone serious planning until failing health imposes the task on us.

Below is a checklist of issues to consider and actions to take in planning for the terminally ill:

- Make sure you can locate the original Will (and Living Trust, if applicable).

- Review the Will (and Living Trust, if applicable) to see if it still reflects the person's wishes. If these documents have not been updated for many years, it is quite possible that the drafting (and asset title between spouses) were designed for federal estate tax savings plans that were needed when the federal estate and gift tax threshold was much lower.

- Many people assume that it is beneficial to make annual exclusion gifts ($17,000 per donor, or $34,000 for married donors (2023)) to minimize estate taxes and administrative costs. However, with the federal estate tax threshold at $12.92 million per person) there are very few individuals who are planning around this tax with death bed gifts. Things may change in 2026 unless permanent tax reform is implemented. As of January 1, 2026, the federal estate and tax threshold will be revert to the 2017 amount of $5,000,000 but will be adjusted for inflation. That's a significant difference – especially since estate taxes of 40% will be applied to anything over that threshold. With respect to Pennsylvania Inheritance Tax, the rules are different and pull back in for taxation any gifts made within one (1) year from the date of death.

- Clarify ownership of property such as personal and household effects, real estate, bank accounts, and securities. Appropriate changes in title can facilitate an easy administration, reduce taxes and avoid probate. Review safe deposit signature cards to be sure a trusted person will have easy access.

- Review beneficiary designations for annuities, retirement accounts and life insurance policies. Wills (and Living Trusts, if applicable) do NOT control the disposition of these assets.

- Make sure that income, taxable gains, and deductible losses receive the best possible tax treatment. For example, take unused losses now (by selling) because they're generally forfeited at death because estate assets will be valued as of the date of death.

- Arrange for the maximum return and minimum tax bite on pension, profit sharing, and other employer-sponsored plans by reviewing available elections.

- Locate all life insurance policies. Exercise options to increase coverage. Change ownership and beneficiary designations, if necessary, and plan for payouts.

We hope the above checklist is helpful. As always, please don't hesitate to call us with any questions.

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