

What Happens if You Don't Have a Will?



Let's face it: Creating a will isn't the most exciting task. It takes time, it costs money, and it forces us to think about something we'd rather ignore—death. Rather than address this important matter, we might find it easier to list reasons to put it off or ignore it completely.

One common reason for putting it off is the notion that we don't really need it. You might be thinking, "Hey, when I die, it'll all go to my family. Why should I go to the trouble of writing a will?"

Such thinking oversimplifies the issue and assumes everything is straightforward and easy. In the absence of a will, however, the situation is anything but straightforward and easy.

Here are some of the issues your family may face if you don't have a will.

Confusion and Red Tape

A will clearly communicates your wishes and other important information. Such information can include the location of important documents (such as insurance policies and tax records), contact information (for your employer, professional advisors, medical care providers), a financial inventory (bank accounts, brokerage accounts, retirement plans, loans), online usernames and passwords, and other necessary data. In the absence of a will, much of this information may be difficult or impossible to track down.

Cost and Inefficiency

Settling an estate involves certain costs, including probate expenses and fees for accounting and tax filing, legal matters, wealth management, and the sale and liquidation of certain assets such as real estate or business interests. These costs can be minimized with proper planning. Other costs may include hidden taxes, such as estate taxes and IRD¹ taxes. These too are easily minimized or avoided by planning ahead. Without a plan, your family will pay the price.

Unintentional Distributions

Each state has a plan for those who die without a will—but don't assume the state's formula matches your desires. The eligible heirs and the timing of bequests may surprise you. Most people, for example, would like to distribute to children after the death of the second parent, but the state may dictate that funds be distributed earlier. Parents typically prefer to spread out payments to children over time, but the state may authorize a lump-sum distribution as soon as the child turns eighteen, which could be a problem. Did you want to include other relatives, a friend, or any of the ministries you currently support? Don't expect them to receive anything if you entrust matters to the state.

Family Conflicts

Siblings may bicker over certain sentimental items, such as mom's jewelry or dad's watch, which becomes more likely in the absence of a will. Conversely, communicating your wishes can minimize bitter feelings. What happens when the guardian and the trustee roles fall to the same person? The trustee's responsibilities (managing the purse strings) can jeopardize that person's ability to function effectively as the guardian. These are just a couple examples of interpersonal conflict that can easily be avoided with proper planning and clear instructions.

Missed Opportunities

Without a will, the settling of your estate becomes merely transactional, devoid of purpose or strategy. You surrender the opportunity to focus on the care and well-being of your family members. You pass up the honor of wisely stewarding God's resources through careful thought and prayer. You miss out on the chance to intentionally influence the world you leave behind.

¹ Income in respect of a decedent (IRD) refers to income to which a person is entitled at death that was never taxed during the person's life. Prime examples include unpaid wages and income from traditional retirement accounts.



Conclusion

Don't be among the 68% of Americans who die without a will. Make it a point to begin the process of creating one. And if you have a will that's old and out of date, now is a good time to review and update it. Yes, it will involve time and effort to think through your wishes and document them appropriately. But it will be worth it. You will sleep better at night, your family will thank you, and the world will be better for it. And you will know the peace of offering your best to God through your wise stewardship.

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