

RETIREMENT

The Six Estate Planning Steps Every Blended Family Must Take

Whether your blended family is newly formed or fully fledged, use these six steps to review your estate plans now and lower the risk of conflict in the future.



As the saying goes, you don't just marry a person — you marry their family.

This can raise issues even in the best of cases, but it can be especially tough for blended families. Case in point: When two of my friends got married this year, they were both entering their second marriage, each with children and with one side bringing significant assets and a family business to the union. They had to navigate difficult questions about how to manage finances and who would inherit what, all while trying to determine what “fairness” looks like in this new arrangement.

They aren't alone. It's estimated that over half of Americans have been or will be part of a blended family at some point in their lifetime — and 75% of parents in such families report not having the resources they need to manage the shift.

When it comes to estate planning, this state of play can spell disaster. For instance: What if an ex gets life insurance proceeds because someone forgot to change the beneficiary? Or trusts aren't set up to distribute assets properly between the children and stepchildren of a deceased spouse (aka the bad part of the Cinderella story)? Or, in the case of a second marriage where one spouse is affluent and the other isn't, assets move to the next generation equally rather than proportionally? Fights over family businesses create a whole host of other concerns that could jeopardize the livelihoods of employees, too.

Fortunately, there are some relatively simple actions couples can take to mitigate these risks. Here are six best practices to keep top of mind.

1. Use trusts to avoid delays and the cost of probate

Going through probate — the legal process that takes place after someone dies to transfer assets to their beneficiaries — can lead to both increased costs and additional time before beneficiaries can access assets.

According to a probate fee calculator (there are many available online), probate could cost \$404,000 on a \$5 million estate, including the executor fee, attorneys' fees and court costs. From a timing standpoint, the typical probate process is 12 to 18 months; however, probate can take five years or more when things are either financially or emotionally complicated.

Blended families often come with such complications, underscoring the importance of setting up trusts. Trusts not only allow beneficiaries to sidestep the probate process but also give the creators more control over asset distribution, reduce the need for litigation and can minimize taxes for people with large estates.

2. Review documents following big life events

Given their complex structures, it's especially important that blended families review estate planning documents, such as wills and trusts, alongside major life events, such as births, deaths, divorces, marriages, inheritances, selling a business or significant promotions, to name a few. If any of these occur — and in blended families, they will likely do so more frequently — it's important to keep an eye out for any needed changes or adjustments to the estate plan.

3. Conduct a beneficiary audit at least once every three years

Along the same lines as document reviews, parents of blended families should review any assets that have a named beneficiary at least once every other year to ensure said assets are going to the right people. Some typical examples of these types of assets would be: a life insurance policy, a 401(k), bank accounts and investment accounts. When these accounts

are first set up, they typically include a named beneficiary and sometimes a contingent beneficiary in the initial paperwork. Yet, if beneficiary designations aren't updated as life evolves, an asset could go to the wrong person (an ex-spouse, for example).

4. Avoid fights over things that have more emotional than financial value

For things that don't have a named beneficiary (for example, Mom's favorite bracelet, Dad's watch, etc.), be sure to instruct who should inherit these assets rather than, say, leaving it to a stepparent or children to decide and potentially causing a fight. Even better, make an inventory list with the name of the person who should inherit the asset next to each item and update it once every three years alongside beneficiaries.

5. Update health care directives

A health care directive is the document used to make choices about how we want end-of-life care to be administered and who can make medical decisions on our behalf. Taking a thoughtful approach to this directive is critical for blended families.

Imagine, for instance, a biological parent is at the end of his life and his current spouse — and stepmom to his adult children — is the one making the decisions about his care. This might create an insurmountable conflict between the stepmom and adult kids if they disagree about treatment plans. This could be especially sensitive if his assets are set up to move to the stepmom and/or she has the ability to allocate assets between the stepchildren and her biological children.

Worst of all, failing to update health care directives when divorcing or remarrying could potentially leave an ex-spouse solely in charge of end-of-life care — a situation no one wants.

6. Ask yourself: Does a professional fiduciary make sense for your blended family?

A professional fiduciary is entrusted to provide financial and health care options that ensure their client's documented wishes are followed. In doing so, a fiduciary can relieve some of the decision-making pressure from blended families, provide skillsets friends and family may not have themselves, and act as a neutral party should there be ongoing (or potential) conflict among family members.

Ultimately, with the right preparation and counsel, blended families can make the estate planning decisions that are right for them. Just remember: Fair is not necessarily equal, and it's important to make the tough choices while you're still alive and able to communicate them to everyone involved.

After all, a good legacy involves more than just assets — it's also about leaving your family, blended or not, in emotional and financial peace.

NYSUT NOTE: Sometimes the best way to get estate planning done is to have someone take an objective look at it. The NYSUT Member Benefits Trust–endorsed [Legal Service Plan](#) offers expert legal advice that helps you get a clear look at emotionally loaded issues. In addition, they'll help you get your legal documents in hand to simplify keeping track of everything. This way, you can take care of your family and not leave difficult, complicated decisions for the people who love you.

This article was written by and presents the views of our contributing adviser, not the Kiplinger editorial staff. You can check adviser records with the SEC or with FINRA.

About the Author

Stephen B. Dunbar III, JD, CLU

Executive VP, Equitable Advisors

Stephen has built a thriving financial services practice where he empowers others to make informed financial decisions and take charge of their future. He is also committed to the growth and success of more than 70 financial advisers. He is passionate about helping people align their finances with their values, improve financial decision-making and decrease financial stress to build the legacy they want for future generations.

Kiplinger

Kiplinger is part of Future plc, an international media group and leading digital publisher
© 2025 Future US LLC