

Blended Families

How an estate plan can help keep the peace



Blended families, which are families that include a couple and their children born of their current and all previous relationships, have become increasingly more common. They currently outnumber non-blended families, which are families that include a couple and the children born of the couple only.

While many would consider entering into a new relationship after a failed one to be an event to be celebrated, when one individual of the couple becomes disabled or dies, it can be disproportionately catastrophic to the blended family.

Striking a balance

Blended families present unique challenges due to the potential for differing motivations and concerns. The couple is tasked with balancing the wants and needs of each spouse and their combined children. Each typically wishes to provide for the other should they be disabled or die, while also wanting to ensure that their own children receive an inheritance either at the first death or when both have died. This becomes even more difficult when one has brought more assets to the union than the other.

Planning to avoid conflict

A failure to plan leaves the family members to figure out how to handle these concerns, yet they understandably come into the conversation with different perspectives and opposing concerns, as each dollar allocated to a parent is not available to a child and vice versa. Fortunately, proper advance planning can allow these same family members to successfully navigate these complicated issues as they will have the benefit of knowing what the disabled or deceased parent wanted. This established plan sets the expectations of these family members, as opposed to leaving it to them to resolve – and often battle over – these issues.

Factors to consider

Each plan will be as varied as the families. Factors that should be taken into consideration are typically the length of the relationship, the age of couple and the children, the comparative wealth of the partners/spouses upon entering the relationship, whether assets are commingled or maintained separately, the status of the other biological parent (who is not part of the couple) of any child in the blended family, whether there is a prenuptial or cohabitation agreement in place, and of course, the wishes of the couple with respect to their assets, children, and desired decision makers.

Planning for disability

Establishing a plan for disability involves putting into place a healthcare proxy, a durable power of attorney, and sometimes a revocable trust. The health care proxy will name medical decision-makers, and the durable power of attorney will name financial decision makers, both during times of incapacity.

Further, having a health care proxy and a durable power of attorney prevents the need for probate court involvement in order to appoint a decision maker, which eliminates that forum for dispute. A revocable trust can also be useful during incapacity, as a trustee for the benefit of the incapacitated person, and depending on the circumstances, their partner/spouse and the children would manage any assets held in the trust as well.

In all cases, these documents set forth the wishes of the incapacitated person as to who will be in charge of their affairs, which is generally respected by all and provides for an orderly transition of power to that named person.

Distributing assets

When the first of the couple passes away, asset distribution concerns really come to the fore. This is when wills, revocable trusts, and will substitutes, such as joint ownership and beneficiary designations are absolutely critical. All of these documents work to distribute assets of a decedent in some fashion.

Once the couple decides how assets will be distributed after their death, their estate planner must draft the appropriate document as between a will and revocable trust to carry out the goals, as well as ensure that all assets held jointly or with named beneficiaries will flow to the desired beneficiaries in accordance with the plan.

Tell the family

Finally, sharing the plan for disability and death while both partners are alive can also reduce strife as it allows the parents to explain the basis of their decisions and to address any disgruntled children while they are still able to do so. Ultimately, when disability or death occurs, proper and open advance planning is critical to restoring order and streamlining the next steps to be taken.

Creating a plan that will carry out your wishes as expected without creating fissures in the family bonds, or worse, a complete implosion of the blended family, requires working with a qualified estate planner.

Establish your plan today to keep peace in the future.

Gina M. Barry is a partner with the regional law firm of Bacon Wilson, P.C., Attorneys at Law. She is a member of the National Academy of Elder Law Attorneys, the Estate Planning Council, and the Western Massachusetts Elder Care Professionals Association. She concentrates her practice in the areas of estate and asset protection planning, probate administration, guardianships, conservatorships, and residential real estate. She can be reached at 413.781.0560 or via email at gbarry@baconwilson.com.