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Planning for Blended Families

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Legacy

The following article was featured in the May 2015 edition of *Legacy*, the Vorys newsletter focused on wealth planning.

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Estate planning for blended families has become a significant part of the estate planning landscape. Divorce and remarriage are not uncommon, and many remarriages involve children from a prior marriage on at least one side, creating a blended family. This blending of families and the handling of the financial assets brought into a new marriage require estate planning solutions specially tailored to meet the unique circumstances inherent in such situations.

All effective estate plans share the goals of minimizing taxes and avoiding probate. In first marriage situations, couples typically express a preference for all of the marital assets to be available to the surviving spouse after the death of the first spouse, with the children only receiving any surplus after the death of the surviving spouse. Estate plans for first marriage situations frequently provide surviving spouses with the ability to continue making financial decisions for themselves and their children, even permitting the surviving spouse to change the amount and form of how the assets eventually pass to the children.

But in blended family situations, the desire to provide financial security for the surviving spouse must be balanced with the wish to provide certainty with respect to the passage of assets to the deceased spouse's natural children. Sometimes, obligations regarding the passing of assets to children from a prior marriage are legally imposed following the termination of such prior marriage. But even in the absence of any such legal obligations, there is frequently a desire to leave assets directly to children from a prior marriage immediately following the parent's death.

Common goals to address in blended family estate planning include:

1. Ensuring the surviving spouse has sufficient assets during their lifetime, after taking into account the surviving spouse's personal assets and resources.
2. Determining the extent of assets available to children from a prior marriage.
3. Safeguarding assets brought into the marriage for the benefit of children from a prior marriage.
4. Determining the timing and form of assets passing to children from a prior marriage.
5. Providing for stepchildren and/or new children born within the blended family.

Similar to first marriage estate planning situations, the primary tool to accomplish the varied goals of a blended family involves the use of specially-designed trusts. It is also important to coordinate asset titling and beneficiary designations with the estate plan, identify other resources which may be available from an ex-spouse, and clarify the delicate balance among the surviving spouse and the family members.

Deriving best-fit solutions in blended family situations requires careful crafting and drafting. If you would like to learn more about blended family estate planning and explore the options available, please contact your Vorys attorney.