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5 Common Estate-Planning Mistakes When Getting Divorced

March 14, 2012 By [Jennifer King](#)

Let's not *sugarcoat* it: **Divorce sucks**. Even if you're happy to end your marriage, it can be a traumatic experience that turns your life upside down. And that's not surprising, given that divorce shakes up your living situation, your finances and even your day-to-day routine.

Even if you're an organized person, it may take a year or two after your divorce to thoroughly disentangle yourself. Just when you think you've finally separated your lives, you'll get a bill addressed to your ex or come across a legal document that hasn't been updated since the divorce was final. Often, estate planning is one of those details that can get overlooked in divorce. Today, let's look at the five most common estate planning mistakes that people make after getting divorced.

5. Not writing a new last will and testament. If you forget to update your **last will and testament** after your divorce, it can have huge ramifications, particularly if your ex-spouse stands to inherit the bulk of your estate. Fortunately, this is one estate-planning document that most people will remember and rewrite after their divorce. But don't delay. Even if you're in excellent health, an accident could leave you incapacitated and unable **update your will**.

4. Failing to designate new beneficiaries in retirement accounts. If you've put some thought into retirement planning, you may have several retirement accounts, including IRAs and 401(k). But what you may not remember is that you probably named a beneficiary when setting up those account. A beneficiary is the person who inherits the account after your death. Contact each financial institution to learn who is named as beneficiary and how you can update the beneficiary designation, if necessary.



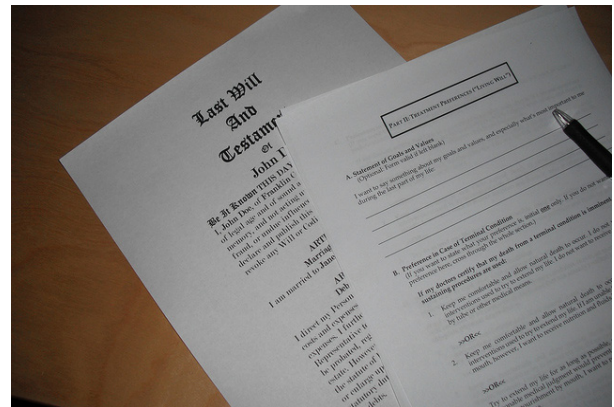
3. Forgetting to empty the safety deposit box. Often, a safety deposit box gets filled up and then forgotten. After you start divorce proceedings, you and your soon-to-be ex should go to the bank, access your shared safety deposit box, collectively sort through its contents and then cancel the lease on the box. You'll each want to obtain your own safety deposit box, thus ensuring that the other person doesn't have access.

2. Failing to update life insurance policies. **Life insurance** can be a major part of your estate plan. Often it's used to cover funeral expenses and replace your income if others depend on you for financial support. After your divorce is finalized, you'll want to consider two things: How much life insurance do you need? And who is the beneficiary of your life insurance? If, for example, you were the major breadwinner in your marriage and you had no children, you probably needed more life insurance than you'll need now that you're divorced. If, on the other hand, you have young children, you may not want to



Where There's A Will...

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change the value of your life insurance. And since it's typical to name one's spouse as the primary life insurance beneficiary, you'll want to update the beneficiary designation accordingly.

1. Not rewriting your power of attorney. You might be surprised to learn that although divorce doesn't invalidate your will, in some states it can invalidate your [power of attorney](#) document if you've named your ex as your attorney in fact. It makes that divorce nullifies a power of attorney document. After all, your attorney in fact can use the power of attorney to access your financial accounts and move money. But sometimes exes who are on good terms with one another will want to keep each other as attorney in fact. If you want your ex to be your attorney in fact, talk to an estate planning lawyer to find out whether you need to create a new power of attorney document. Depending on where you live, the law may require it. And if you want to name a new attorney in fact, you'll certainly need to draw up a new power of attorney.

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