



# Wealth Planning for Blended Families

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As wealth planners, we know every family is unique — each with its own structure, sources of wealth, and financial goals. And while we believe financial planning is important for all families, there are special considerations and financial “to do’s” for blended families — those families with children from a prior marriage or a child or stepchild who has remarried.

## Revisit Your Estate Plan to Reflect Your Wishes

Estate planning for blended families can be complicated, especially when you and your spouse have competing estate planning goals. Your Palisade team partners with you and your attorney to understand your situation and document what you and your spouse are hoping to achieve. Palisade also helps to streamline the estate planning process by ensuring your assets are properly titled and catalogued, so your attorney is aware of all of your assets.

With a full appreciation of your goals and information about your assets, an estate planning attorney can help you create a trust that carries out your wishes.

Type of Trust	What it does
Marital Trust (“A” Trust)	Marital assets pass to surviving spouse via trust.
Bypass Trust (“B” Trust)	Marital assets pass to surviving spouse via trust, with remaining assets passing to other beneficiaries.
Life Insurance Trust	Holds the proceeds of your life insurance policy that are then passed down to named beneficiaries. Paid premiums can be gifts from your estate.
Generation-Skipping Trust	Allows you to pass assets directly to grandchildren.
Qualified Terminable Interest Property Trust (QTIP)	Allocates income to your spouse with restrictions on accessing the full amount; assets then pass to your children or other beneficiaries.

### **Discuss Your Lifestyle Goals and Feelings about Spending and Saving**

Across all wealth levels, one of the most common disagreements couples have is about money. For example, you may have been raised to be a saver, but your spouse is a spender. Alternatively, you and/or your spouse may have had money issues in prior relationships. Your Palisade team can facilitate conversations around budgeting that can help structure the lifestyle desired by both partners.

### **Agree on a Gifting Plan**

Giving away some of your assets today is one way to reduce your taxable estate and witness the benefits of your gifting. For 2023, an individual donor can gift \$17,000 annually to each beneficiary (or \$34,000 per couple when filing a joint tax return), without incurring a federal gift tax.

Although the Tax Cuts and Jobs Act (TCJA) raised the lifetime estate tax exclusion to \$12.92 million [for tax year 2023](#) for individuals and \$25.84 million for married couples, the exclusion is scheduled to revert back to its 2017 level, adjusted for inflation, at the end of 2025 (estimated to be about \$7 million for individuals and \$14 million for married couples) — significantly reducing the estate tax exemption.

Your Palisade team can work with you and your spouse to create a gifting strategy, [including helping your loved ones save for a college education](#), that achieves your giving objectives and is appropriate for your financial situation and timeline.

### **Work with Your Palisade Team**

Whether you are part of a stepfamily, traditional family, single-parent household, or other family structure, Palisade Private Wealth can create a holistic wealth plan that identifies any gaps or inefficiencies to help you achieve your goals.

## Not yet working with Palisade?

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WE CAN HELP YOU PROTECT YOUR WEALTH

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