

Here's a polished, client-facing report you can use for **InVestra**. It's written in a professional, advisory tone suitable for high-net-worth families (~\$5M net worth).

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# What \$5M Families Get Wrong About Estate Planning

A Client Advisory Report by InVestra

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## Executive Summary

Families with approximately \$5 million in net worth often assume estate planning is “handled” once they've created a will or trust. In reality, this level of wealth introduces complexities that—if overlooked—can lead to unnecessary taxes, family conflict, and unintended wealth transfer outcomes.

This report outlines the most common estate planning mistakes we see among \$5M households—and how to proactively address them.

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## 1. “We Have a Will, So We’re Covered”

**The misconception:**

A will alone is sufficient for estate planning.

**The reality:**

A will does not avoid probate, does not provide privacy, and does not optimize tax efficiency.

**What's missing:**

- Revocable living trusts
- Beneficiary alignment across accounts
- Incapacity planning (powers of attorney, healthcare directives)

**InVestra Insight:**

A properly structured estate plan should function during your lifetime, not just after death.

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## 2. Underestimating Estate Tax Exposure

**The misconception:**

“We’re below the estate tax threshold, so taxes aren’t a concern.”

**The reality:**

Current federal exemptions are historically high and **scheduled to decrease** (potentially by ~50%). State-level estate taxes may also apply.

**Common risks:**

- Future appreciation pushing estate above thresholds
- Lack of tax-efficient gifting strategies
- No use of spousal exemptions or portability

**InVestra Insight:**

Estate planning should be forward-looking—not based on today’s thresholds.

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## 3. Outdated or Static Plans

**The misconception:**

“Once it’s set up, we don’t need to revisit it.”

**The reality:**

Life changes—and so should your estate plan.

**Trigger events often missed:**

- Birth of children or grandchildren
- Divorce or remarriage
- Business liquidity events
- Changes in tax law

**InVestra Insight:**

Estate plans should be reviewed every 2–3 years, or after any major life event.

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## 4. Poor Beneficiary Coordination

**The misconception:**

“Our trust controls everything.”

**The reality:**

Beneficiary designations override wills and trusts.

**Common mistakes:**

- Retirement accounts not aligned with trust strategy
- Ex-spouses still listed as beneficiaries
- Unequal or unintended distributions

**InVestra Insight:**

Estate planning is not just legal—it's administrative. Alignment across all accounts is critical.

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## 5. Ignoring Incapacity Planning

**The misconception:**

“Estate planning is about what happens after we pass.”

**The reality:**

Incapacity is statistically more likely—and often more disruptive.

**Risks include:**

- Court-appointed guardianship
- Frozen accounts
- Family disputes over decision-making

**InVestra Insight:**

A complete estate plan includes:

- Durable power of attorney
  - Healthcare proxy
  - Living will
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## 6. Overlooking Family Dynamics

**The misconception:**

“Our assets will naturally be divided fairly.”

**The reality:**

“Equal” does not always mean “fair,” and lack of clarity can create conflict.

**Common challenges:**

- Unequal financial needs among heirs
- Blended families
- Business succession disagreements

**InVestra Insight:**

Clear communication and intentional structuring prevent conflict later.

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## 7. No Strategy for Illiquid Assets

**The misconception:**

“Our assets will easily transfer.”

**The reality:**

Real estate, businesses, and private investments can create liquidity problems.

**Potential issues:**

- Forced sale of assets to cover taxes
- Disputes among heirs over asset control
- Lack of succession planning for businesses

**InVestra Insight:**

Liquidity planning is as important as asset allocation.

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## 8. Missing Opportunities for Lifetime Gifting

**The misconception:**

“We’ll pass everything on later.”

**The reality:**

Strategic gifting during your lifetime can significantly reduce estate size and taxes.

**Common missed strategies:**

- Annual exclusion gifts
- 529 education funding
- Irrevocable trusts for heirs

**InVestra Insight:**

Giving during your lifetime allows you to see the impact—and control outcomes.

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## 9. Lack of Professional Coordination

**The misconception:**

“Our attorney handled everything.”

**The reality:**

Estate planning requires coordination between:

- Financial advisors
- Attorneys
- Tax professionals

**Breakdowns often occur when:**

- Documents are created but not implemented
- Investment strategy is disconnected from estate goals
- Tax planning is reactive, not proactive

**InVestra Insight:**

The best outcomes come from integrated planning—not siloed advice.

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## Conclusion: Moving from Documents to Strategy

At the \$5M level, estate planning is no longer just about documents—it’s about **strategy, alignment, and foresight**.

Families who get it right:

- Plan for change, not just current conditions
  - Coordinate across all financial and legal structures
  - Communicate clearly with heirs
  - Review and adapt regularly
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## How InVestra Helps

At InVestra, we go beyond basic estate planning by:

- Coordinating with your legal and tax advisors
  - Aligning your investment strategy with your estate goals
  - Identifying tax-efficient transfer strategies
  - Ensuring your plan evolves with your life
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## **Next Step**

If your estate plan hasn't been reviewed in the last 2–3 years, it may no longer reflect your goals—or the current tax landscape.

**Let's review it together.**