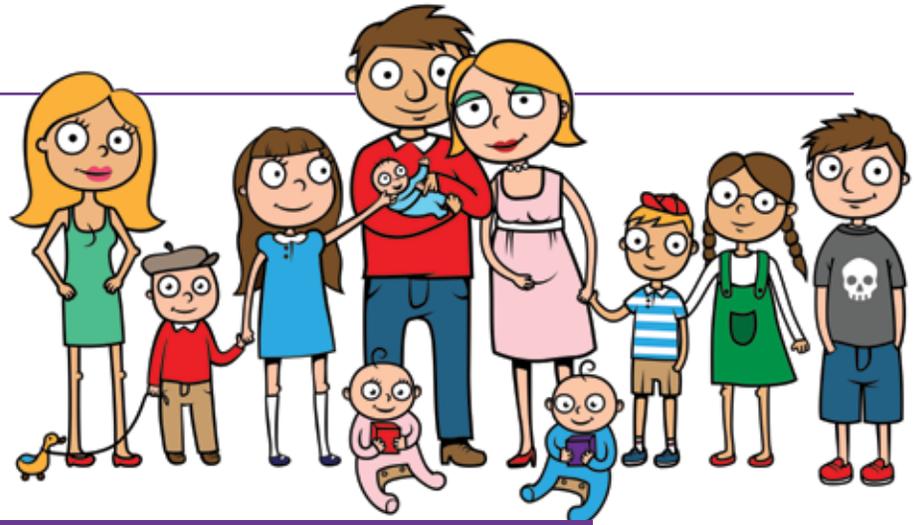




## The Brady Bunch reimaged: planning issues for the blended family

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## The Brady Bunch reimaged: planning issues for the blended family

The death of Florence Henderson in November 2016 was a nostalgic reminder of her many years in the role of “Carol Brady” on TV’s most prominent show featuring a blended family. *The Brady Bunch* featured a second marriage of “Carol” and “Mike,” who each brought three children to the new family – girls for Carol and boys for Mike. As financial planners, we often work with blended families whose internal dynamics may be significantly less amicable than those of *The Brady Bunch*. Do we appreciate the complexities of these families, and hold the difficult discussions necessary for their estate and financial planning?

Action – or inaction – by the financial planner and estate planning attorney can have particularly severe unintended consequences for blended families. I believe planners must understand the clients’ intentions – especially if the two members of a couple have different goals for their estate and financial plans. Perhaps more than for other clients, the blended family situation is one where collaboration between the financial planner and the estate planning attorney is critical to ensure the clients are aware of the issues and make informed decisions.

### “What if?” for Mike and Carol

In this article, I imagine a twist to the Brady story that shows how bad planning can have unintended consequences.

In this version, Mike and Carol live happily together with the six children, but they never formally adopt the other’s children. They wisely have an estate plan but

decided that a basic “I love you” reciprocal will was all they needed.

Then tragedy strikes – Mike is killed in a building collapse at one of his projects. Mike’s will provides that all of his property, including his house, go to his beloved Carol, if she survives him. If not, his estate would be distributed to all of the children equally. Mike’s life insurance policies and retirement account are also payable to Carol, with the children as contingent beneficiaries. Neither his will, nor his beneficiary designations, provide for his sons unless Carol had predeceased him and, in that case, all six children would receive equal portions, even though Mike had never adopted the girls and had no legal obligation to provide for them in his will.

Whether providing for his sons only if his wife did not survive him was an oversight in the planning or was based on a belief that Carol would take care of the boys is unclear. But since they are a family in all but the legal sense, of course Carol and all of the kids stay together and comfort each other and life goes on. Carol doesn’t get around to adopting the boys but, like Mike, has provided for all six children in her will.

Fast forward a few years. Carol, after a suitable period of mourning, has found her new soul mate and remarries. The children are now 18 or older, and Carol feels comfortable selling the house and moving into a condo with her new husband. This joyful moment is interrupted when Mike’s sons politely ask about their inheritances from their father, particularly from the sale of the house which has greatly appreciated in

value over the years. Carol apologetically tells them her lawyer and financial advisor say that under Mike’s estate plan there was no inheritance for his sons. It was all hers to use as she wanted.

Needless to say, this is not well received by Mike’s sons and there is an irretrievable falling out. Now, upon the advice of her attorney, Carol and her new husband do not make a simple estate plan. Instead, Carol ensures that her estate is preserved for her daughters upon her death. She does not provide for Mike’s sons in any way. Her prior will is void, and Mike’s sons have no legal claim against her estate for an inheritance from their father.

Had Mike and Carol created a proper estate plan, and/or had made some financial planning decisions, this unfortunate situation could have been prevented. Mike’s intention to provide for his sons would have been carried out. Also, Carol would not have been unduly financially harmed – and would still have a relationship with “Greg,” “Peter,” and “Bobby.”

### Solutions for blended families

One simple thing advisors can do is encourage our blended family clients to seek the assistance of a qualified estate planning attorney and then work collaboratively with that attorney. This is not the time to take the cheap DIY option.

Mike could have had a somewhat more complex estate plan that provided for a trust to be established at his death to provide for his widow, and then his sons (and Carol’s daughters too, if he wanted) after Carol’s death. The most common way

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to do this is to use a qualified terminable interest property (QTIP) trust that gives Carol income and principal from the trust annually, but designates that whatever is left over at her death will be distributed to Mike's sons. Yes, the QTIP is more complex than an "I love you" will. But in a blended family there is likely an intent to extend the love beyond just the surviving spouse. The QTIP can provide for both the surviving spouse during her lifetime, and then any remaining trust assets would be distributed to the children from the first marriage at the later death of the surviving spouse. This is, in fact, the planning strategy recommended for Carol when she updated her plan. Her girls are the beneficiaries of her QTIP after her spouse dies.

But even a QTIP plan does not provide the intended result if most of the deceased spouse's assets pass outside of the estate planning documents. Mike's life insurance policies and retirement account funds were payable directly to Carol. They would not have been distributed to the QTIP trustee, so they would not be available to his sons. The house, if owned jointly by Mike and

Carol, would also not be part of the trust. It is critical not only to have the right documents in place, but to ensure that the trust is funded by having it hold the necessary assets. This is where the financial advisor can be a critical part of the team, working with the clients and the attorney to match up the money to the plan.

There are other options beyond the QTIP, including having specific bequests for Mike's sons in his will, having guidance in the will to purchase an annuity for each of the boys, or using life insurance for funds to benefit his sons.

A specific bequest under Mike's will to the boys could specify a certain amount for each or a total to all three, either outright to them if they are over a certain age or held in a continuing Trust or Uniform Transfer to Minor's Act (UTMA) account until they reach the maximum age for these accounts (18, 21, or even older, depending on state law). A specific bequest would deprive Carol of the use of those funds, however, so it may not be desirable. Similarly, the guidance to use estate funds to purchase one or more annuities for the

boys would also reduce the assets available to Carol for her needs.

If Mike had life insurance policy benefits earmarked for his sons, he could have provided for them while not adversely affecting Carol, assuming he had separate insurance other than that payable to Carol. If instead, he had divided the insurance benefits between Carol and his sons, that would have adversely affected her. However, that might have been what Mike truly intended. But his intentions were never known and, even if it was known that he wanted to provide for his sons, Carol was under no legal obligation to follow his wishes.

Given the setup of the TV show, we know that my bleak alternative scenario for the Brady Bunch would not have worked out the way it is set out here. Carol would have done "the right thing" because they were a family, no matter what the legal obligations were or were not. But we also know that this would be an extremely rare outcome for nearly all blended families due to the family dynamics, tensions, and let's face it, greed, resulting from a situation where children of a prior marriage are left out of the estate plan. The loss of their parent quickly becomes the start of an extended conflict that could end up in legal action.

But by taking a clear-eyed look at the issues facing their blended family assisted by their trusted legal and financial advisors, a couple like Mike and Carol can make conscious decisions about what they really want to happen should something unfortunate occur. It may well be that Mike was happy to have Carol get it all upon his death, which was certainly his right. But that decision should be made with the expert guidance of his financial and legal advisors. Because, with the right planning, and by doing the work needed to make sure the money and the plan are in sync, the blended family can withstand the most tragic circumstances and avoid the sad outcome of this reimaged Brady Bunch. 

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