

2026 ESTATE PLANNING GUIDE

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Understanding Your Estate Plan

Why Estate Planning Matters

Life happens – and when it does, having the right plan in place makes all the difference. Estate planning is about more than just passing on assets – it's about protecting yourself and your loved ones, ensuring your wishes are carried out, and creating a lasting legacy. A well-crafted estate plan provides peace of mind by addressing both expected and unexpected life events, from incapacity to asset distribution. Whether you're just starting your career or approaching retirement, having the right plan in place is essential for securing your family's future.



Advanced directives are legal documents that allow you to express your wishes and maintain control over your affairs even if you become incapacitated. Without these crucial documents in place, families often face the difficult and expensive process of guardianship proceedings – where a court decides who will manage your personal and financial affairs. These proceedings typically cost tens of thousands of dollars, create public records of your private matters, and can spark significant family conflict. Proper advance planning through essential legal documents helps your family avoid these challenges while ensuring your wishes are respected.

Essential Planning Documents: The Core Four

The foundation of every estate plan begins with what we call the “Core Four” – four crucial documents that work together to protect you and your loved ones. Understanding each component helps ensure your plan provides comprehensive protection for you and your family.

Power of Attorney

This vital document allows you to appoint someone you trust to handle your financial and legal matters if you become unable to do so. Without it, your family might face costly and time-consuming guardianship proceedings to manage your affairs.



A well-drafted Power of Attorney can:

- Enable financial and property management
- Allow gifting and asset protection planning
- Prevent the need for guardianship
- Include provisions for business operations
- Permit Medicaid and long-term care planning

Health Care Proxy with Living Will

Your Health Care Proxy ensures your medical wishes are respected by appointing someone to make healthcare decisions on your behalf if you're incapacitated.

Your Health Care Proxy:

- Names one primary agent and alternates
- Includes living will provisions for end-of-life care

- Provides clear guidance to medical professionals
- Can include enforcement provisions
- Helps avoid family disputes over medical decisions

Disposition of Remains Appointment

The Disposition of Remains Appointment (DORA) takes effect upon death and provides legally binding instructions about your final arrangements.

This document:

- Works alongside pre-planned funeral arrangements
- Prevents disputes over burial decisions
- Names a primary agent with authority
- Provides peace of mind for your family
- Can include specific ceremonial requests

Last Will and Testament

Your Will serves as the cornerstone of your estate plan, but remember that it must go through probate – a public, often lengthy and expensive court process.

A proper Will:

- Directs asset distribution
- Names executors and guardians
- Can establish trusts for beneficiaries
- Expresses your final wishes
- Should be reviewed regularly



Together, these documents provide a strong foundation for your estate plan. However, even with these documents in place, if you rely solely on a Will, your estate will need to go through probate.

Understanding Probate and Its Challenges

Probate is the court-supervised process of validating your Will and distributing your assets after death. While this process serves an important purpose, it can create significant challenges for your family:

- The process is public, meaning anyone can access details about your assets and beneficiaries and requires notifying and obtaining consent from all next of kin regardless of their personal relationship with the decedent.
- It can take months or even years to complete, during which time assets may be frozen
- Legal fees and court costs can consume a substantial portion of your estate
- If you own property in multiple states, separate ancillary probate proceedings must be initiated in each jurisdiction, multiplying costs, delays, and administrative burdens
- Your family loses privacy during an already difficult time
- Assets passing through probate can be more vulnerable to creditors' claims
- For business owners, probate can disrupt business operations and create uncertainty

The good news is that proper planning can help your family avoid most or all of these probate challenges.

Trust Planning: Beyond Basic Estate Documents

While the Core Four documents provide essential protection, trust planning offers powerful solutions for probate avoidance, asset protection, and specialized family needs. Our firm focuses on trust strategies tailored to your specific goals and circumstances.

Revocable Living Trusts

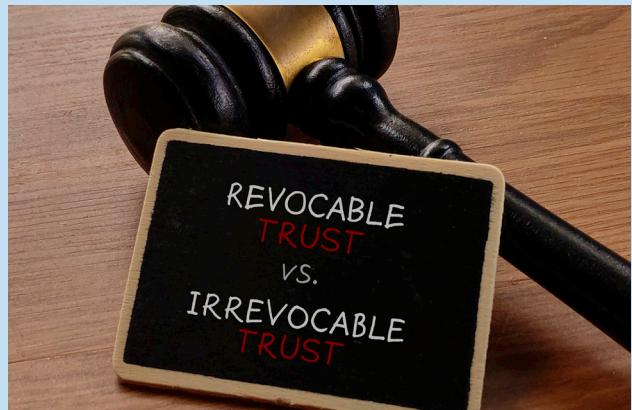
A Revocable Living Trust (RLT) serves as the foundation of comprehensive estate planning by allowing your assets to bypass probate entirely while maintaining your complete control during your lifetime. When you transfer assets into your RLT, you typically serve as trustee, managing everything as you always have. Upon your incapacity or death, your chosen successor trustee seamlessly steps in to manage or distribute assets according to your instructions—no court involvement required.

Key benefits include:

- Complete privacy—avoiding the public probate process
- Immediate access to assets for your family upon incapacity or death
- Seamless management if you become incapacitated
- Simplified administration across multiple states for any out-of-state assets
- Reduced potential for family conflict through clear instructions and provisions such as buy-out mechanisms for inherited real estate
- Flexibility to amend or revoke the trust at any time

Medicaid Asset Protection Trusts

For those concerned about the devastating cost of long-term care, Medicaid Asset Protection Trusts (MAPTs) provide a proven strategy to preserve your home and savings for your family. By transferring assets into an irrevocable MAPT, you can protect these assets from nursing home costs while maintaining certain benefits and control. After New York's five-year look-back period, protected assets will not be considered countable resources for Medicaid eligibility purposes, nor will they be subject to estate recovery.



For more comprehensive information about planning for Medicaid, please ask about our Long-Term Care Planning Guide.

This planning is particularly valuable for:

- Protecting the family home from Medicaid estate recovery
- Preserving savings and investments for heirs
- Maintaining income streams during your lifetime
- Ensuring spouses have continued access to trust assets

Beneficiary Controlled Trusts

Rather than leaving inheritances outright to your children or other beneficiaries, a Beneficiary Controlled Trust (BCT) provides powerful protection while still giving beneficiaries substantial control over their inheritance. This approach shields assets from creditors, divorcing spouses, and poor financial decisions while allowing your beneficiaries to serve as co-trustees and direct investments and distributions.

A properly structured BCT protects inherited assets from:

- Creditor claims and lawsuits
- Division in divorce proceedings
- Medicaid estate recovery
- Bankruptcy proceedings

Your beneficiary can serve as co-trustee alongside an independent trustee, making investment decisions and receiving distributions for health, education, maintenance, and support. The independent trustee can make unlimited distributions to the beneficiary, while the beneficiary can make limited distributions to themselves. This structure provides maximum flexibility and control while maintaining complete asset protection—the best of both worlds for protecting your family's legacy.

Special Needs Trusts

For families with a loved one who has a disability or receives government benefits such as SSI or Medicaid, a Special Needs Trust (SNT) provides essential protection. These trusts allow you to leave assets for your loved one's benefit without disqualifying them from needs-based government assistance. An SNT can pay for supplemental care, therapies, equipment, education, and quality-of-life enhancements that government benefits don't cover—all while preserving eligibility for critical programs.



Special Needs Trusts are essential for:

- Preserving eligibility for SSI, Medicaid, and other means-tested benefits
- Providing supplemental funds for care, comfort, and quality of life
- Ensuring professional management of assets for a vulnerable beneficiary
- Protecting inheritance from creditors and poor financial decisions
- Coordinating with government benefits and estate recovery rules

For more comprehensive information about planning for loved ones with special needs, please ask about our Special Needs Planning Guide.

Advanced Planning for Larger Estates

For families with substantial wealth, specialized trusts can provide significant tax savings and asset protection. Irrevocable life insurance trusts (ILITs) keep life insurance proceeds outside your taxable estate. Qualified Personal Residence Trusts (QPRTs) allow you to transfer your home at a reduced gift tax value. Grantor Retained Annuity Trusts (GRATs) can transfer appreciating assets while minimizing gift tax exposure. Each strategy requires careful analysis to align with your overall wealth preservation goals.

Trust planning is not one-size-fits-all. During your consultation, we'll assess your specific situation—including your assets, family dynamics, and long-term goals—to recommend the most appropriate trust strategies for your needs. The right trust structure can provide peace of mind knowing your family and legacy are protected.

For more comprehensive information about large estate planning, please ask about our High Net Worth Planning Guide.

Tax Considerations and Asset Protection

We stay closely attuned to developments in Washington, including the extension of the Trump-era tax cuts through the newly enacted One Big Beautiful Bill Act (OBBBA), July 2025. These sweeping federal tax changes present significant opportunities—but only for those who plan ahead. With the right legal and financial strategies, you can reduce your tax burden, safeguard your legacy, and keep more of your wealth working for the people and causes you care about. As laws and policies shift at the federal, state, and local levels, having a trusted team to guide you through the complexity can make all the difference.



Key provisions: the federal estate, gift, and generation-skipping transfer tax exemptions will rise to \$15 million per individual starting in 2026. This reduces estate tax exposure for most Americans but doesn't eliminate the need for comprehensive estate planning. The New York estate tax exemption remains at \$7.16 million, and new opportunities now exist to create plans that save on estate, capital gains and income taxes.

Digital Assets in Estate Planning

In today's digital world, your estate plan must address digital assets such as cryptocurrency, online banking, email accounts, and digital photos. Without proper planning, your family may face significant challenges accessing these assets after your death or incapacity. Your estate planning documents should specifically authorize your fiduciaries to access and manage your digital assets, and you should maintain a secure inventory of important digital accounts and access instructions.

PALMS - Professional Advocates Lifetime Maintenance System



Estate planning isn't a one-time transaction—it's a lifetime relationship. That's why we created the Professional Advocates Lifetime Maintenance System (PALMS), a comprehensive program that sets us apart from other estate planning firms.

PALMS members benefit from:

- **Annual Attorney Review:** Proactive review of your plan to ensure it remains aligned with changing laws, life circumstances, and tax strategies
- **Priority Support:** Direct access to our legal team with up to two hours of attorney consultation included annually
- **Coordinated Planning:** Integration with your financial advisors, accountants, and other professionals to ensure comprehensive wealth management

While other firms create documents and move on, we ensure your plan evolves with you. PALMS is included with comprehensive estate planning packages, providing peace of mind that your plan will never become outdated.

Planning for Every Family

Estate planning is crucial for all family structures. Unmarried partners, same-sex couples, and blended families often face unique planning challenges that require careful consideration. Without proper planning, unmarried partners may have no rights to inherit or make decisions for each other. In blended families, balancing the needs of a current spouse with children from previous relationships requires thoughtful trust planning. We can help create a plan that reflects your family's unique dynamics while ensuring your wishes are carried out and your loved ones are protected.

When to Act: Timing Matters

Estate planning is time-sensitive. Certain strategies require action well in advance:

- **Medicaid Planning:** Must be completed at least five years before potential need for nursing home care
- **Asset Protection Trusts:** Most effective when established before creditor issues arise
- **Business Succession:** Should begin 3-5 years before anticipated transition
- **Tax Planning:** Current federal exemptions may change—2026 presents unique planning opportunities
- **Incapacity Planning:** Should be completed while you have full mental capacity



As we say on our weekly radio show, Life Happens... Are you Prepared?

Waiting often means losing valuable planning opportunities. The best time to create your estate plan is now, while you have the clarity and time to make thoughtful decisions.

Common Estate Planning Mistakes We Help Clients Avoid

In our decades of combined experience, we've seen families face preventable hardships due to common planning mistakes:

- Outdated beneficiary designations that conflict with estate planning documents, causing unintended inheritances
- Improperly titled assets that bypass carefully crafted trusts, defeating the entire planning strategy
- DIY estate plans from online services that fail to comply with New York law or address family complexities
- Delayed Medicaid planning that could have protected hundreds of thousands in assets with earlier action
- No incapacity planning for business owners, leaving companies without clear management authority
- Failure to coordinate estate plans with retirement account rules, triggering unnecessary taxes

These mistakes often cost families far more than comprehensive planning would have. Our role is to identify potential issues before they become problems and create solutions tailored to your situation.

Implementing Your Plan

Creating your estate plan begins with understanding your goals and current situation. We'll work together to identify what's most important to you and then design a plan that achieves these goals while remaining flexible enough to adapt to changing circumstances.

Regular review and updating of your plan is essential, as your life circumstances and the laws affecting your estate continue to change. Major life events like marriage, divorce, births, deaths, or significant changes in assets should trigger a review of your plan. Our PALMS (Professional Advocates Lifetime Maintenance System) program provides ongoing support to ensure your plan remains current and effective.

Business Succession Planning

For business owners, estate planning takes on additional complexity. A well-structured succession plan ensures your business can continue operating smoothly after your retirement or death while providing for your family. This might involve creating buy-sell agreements, establishing trusts to manage business assets, or structuring the transfer of ownership to minimize tax impact.



Next Steps

Every family's situation is unique, and your estate plan should reflect your specific needs and goals. We'll guide you through the process of creating a comprehensive plan that protects what matters most to you. This includes helping you gather necessary information, reviewing your assets and family situation, and recommending strategies that align with your objectives.

To begin implementing your estate plan or to review an existing one, please contact our office to schedule a consultation. Pierro, Connor & Strauss can help you create a plan that provides protection and peace of mind for you and your family.

Specialized Planning Resources

Pierro, Connor & Strauss offers detailed guides on specialized planning topics:

- **Long-Term Care & Medicaid Planning Guide:** Comprehensive strategies for protecting assets while qualifying for benefits
- **Special Needs Planning Guide:** Detailed roadmap for families with disabled loved ones
- **Business Planning Guide:** A step-by-step guide for small business and property owners focused on smart legal planning and compliance

Request these guides during your consultation or visit www.pierrolaw.com/resources

Estate Planning Readiness Checklist

Use this checklist to assess whether your current estate plan—or lack thereof—adequately protects your family:

- Do you have updated Powers of Attorney and Health Care Proxies?
- Have you reviewed your beneficiary designations in the last three years?
- Are your assets properly titled to align with your estate plan?
- If you have minor children, have you named guardians?
- If you own real estate in multiple states, have you addressed ancillary probate?
- If you have a loved one with special needs, have you established a Special Needs Trust?
- Have you considered Medicaid planning if you're age 60 or older?
- Does your business have a succession plan?
- Have you addressed digital assets in your estate plan?
- Have you reviewed your plan after major life events (marriage, divorce, births, deaths)?

If you answered “no” to multiple questions, a comprehensive estate planning review is strongly recommended.

* This summary provides an overview of estate planning concepts and should not be considered legal advice. Laws change frequently and vary by jurisdiction. For more detailed information about specific planning strategies or to schedule a consultation, please contact Pierro, Connor & Strauss at 866-951-PLAN or visit www.pierrolaw.com. *

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