



# What Happens to Your Money When Something Happens to You

An Estate Planning Primer for Investors,  
from Someone Who Has Practiced  
on Both Sides of the Table

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An Investor's Guide from  
Erenda Capital Management

# The Plan You Think You Have

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Most investors believe their estate plan is handled. They have a will. Maybe a trust. They signed some documents years ago and filed them away.

**But here's what I've learned from working as both an attorney and a portfolio manager: the plan most investors think they have and the plan they actually have are rarely the same thing.**

Estate planning and investment management are treated as separate disciplines by the financial industry. You hire a lawyer for one and an advisor for the other, and the two rarely talk. The result is a set of documents that may be technically valid but structurally misaligned with the portfolio they're supposed to govern. Beneficiary designations that override the will. Accounts titled in ways that create unintended probate exposure. Trust structures that don't account for how the underlying investments are managed. Tax strategies that work for the portfolio but create problems for the estate, or vice versa.

I've seen these gaps from both sides. As a former attorney, I've seen what happens when estate documents and investment accounts don't match. As a portfolio manager, I've seen what happens when investment decisions are made without considering their estate implications. My legal training informs every aspect of how we manage client relationships at Erenda, from reading trust documents to structuring portfolios with estate implications in mind.

This guide is written from that intersection, a perspective that most investors never get because the two disciplines almost never sit in the same room.

**This guide is for informational and educational purposes only and does not constitute legal advice. Readers should consult with a qualified estate planning attorney for advice specific to their situation.**

# Five Documents Every Investor Needs

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Before we talk about strategy, let's talk about the basics. These are the five foundational estate planning documents that every investor should have in place. If any of these are missing, outdated, or misaligned with your current financial situation, that's a gap worth closing.

## 1 Last Will and Testament

This directs how your assets are distributed after death, names an executor to manage the process, and, if you have minor children, designates a guardian. What most investors don't realize: a will only governs assets that are in your name alone and don't have a beneficiary designation. For many investors, that's a surprisingly small portion of their total wealth.

## 2 Revocable Living Trust

A trust allows assets to pass to your beneficiaries without going through probate, the court-supervised process that is public, slow, and expensive. A revocable trust also provides a mechanism for managing your assets if you become incapacitated, something a will cannot do.

## 3 Durable Financial Power of Attorney

This authorizes someone you trust to manage your financial affairs if you become unable to do so. Without it, your family may need to petition a court for guardianship, a process that is expensive, time-consuming, and emotionally difficult.

## 4 Healthcare Power of Attorney

This authorizes someone to make medical decisions on your behalf if you cannot. It's separate from a financial power of attorney and equally important.

## 5 Living Will / Advance Directive

This documents your wishes regarding end-of-life medical care. It provides guidance to both your healthcare proxy and your medical team, reducing the burden on your family during an already difficult time.

**If you have all five, reviewed within the last three to five years, you're ahead of most investors. If any are missing or outdated, that's the first conversation to have.**

# Beneficiary Designations

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**This is the single most common and most costly estate planning failure I've encountered in my career, both as an attorney and as a portfolio manager. And it's the one that's easiest to fix.**

Beneficiary designations on retirement accounts (IRAs, 401(k)s, Roth IRAs), life insurance policies, and transfer-on-death (TOD) accounts override your will. They override your trust. They override everything.

## COMMON MISTAKE

If your will says "everything goes to my children equally" but your IRA beneficiary designation still names your ex-spouse from 15 years ago, your ex-spouse gets the IRA. The will doesn't matter. The trust doesn't matter. The beneficiary designation controls. I've seen this happen. It is more common than you would expect, and the consequences are devastating and extremely difficult to reverse.

**What to do:** Pull the beneficiary designations on every account you own: every retirement account, every life insurance policy, every TOD registration. Review them against your current wishes. Make sure they align with your will and your trust.

For taxable investment accounts, your trust should generally be the owner or have TOD registration aligned with your estate plan. For retirement accounts, beneficiary designations require separate, careful analysis, because naming a trust as beneficiary can have unintended tax consequences, including compressed trust tax brackets and potential loss of favorable distribution options.

**This takes an afternoon. It could be the most valuable afternoon of your entire financial planning life.**

# Account Titling and Probate

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How your investment accounts are titled determines whether they pass through probate or outside of it. This sounds like a technicality. It isn't.

Assets held in your individual name with no beneficiary designation and no trust ownership go through probate. Probate is a court-supervised process that is public (anyone can see what you owned and who received it), slow (often 6-18 months), and expensive (legal and administrative fees can consume 3-5% of the estate's value in some states, though costs vary significantly by jurisdiction).

Assets held in a properly funded revocable trust, in joint tenancy with right of survivorship, or in accounts with valid beneficiary designations pass outside of probate. They transfer directly to the intended recipient, privately, quickly, and at minimal cost.

## COMMON MISTAKE

The mistake I see most often: investors create a trust but never retitle their accounts into the trust. The trust document exists, but the assets aren't in it. This is like buying a safe and leaving the valuables on the kitchen table. The trust only governs what's inside it.

If you have a trust, work with your advisor and your attorney to confirm that your taxable investment accounts, bank accounts, and real property are titled in the name of the trust. Retirement accounts are handled differently (they use beneficiary designations rather than trust titling) and require careful coordination to avoid unintended tax consequences.

This is one of the areas where having an advisor who understands both the legal and investment dimensions matters most. Retitling accounts has both legal and tax implications, and getting it wrong can create problems that are expensive to fix.

## When Trusts and Investments Don't Talk

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Here's what happens when estate planning and portfolio management exist in silos, which is the default at most advisory firms.

An attorney drafts a trust. The trust includes provisions about how assets should be managed, what distributions are permitted, and who has authority to make investment decisions. The investor signs the trust, files it away, and continues working with their financial advisor, who may or may not have read the trust document and may or may not be managing the portfolio in a way that's consistent with its terms.

I've reviewed trust documents where the investment provisions were boilerplate language copied from a template, with no consideration for the actual portfolio strategy being employed. I've seen trusts that restrict investment authority in ways that conflict with the advisor's approach. I've seen trusts that fail to grant the trustee the flexibility to execute basic tax-planning strategies like Roth conversions or tax-loss harvesting.

The fix is straightforward but requires coordination: your attorney and your portfolio manager should be working from the same playbook. The trust document should reflect how your money is actually managed, and the investment strategy should account for the trust's legal constraints and objectives.

**At Erenda, because we operate at the intersection of legal expertise and portfolio management, this coordination is built into our process rather than bolted on after the fact.**

# Roth Conversions as Estate Planning

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Most investors think of Roth conversions as a tax strategy. They are. But they're also one of the most powerful estate planning tools available, and the estate planning dimension is often overlooked.

When you convert a traditional IRA to a Roth IRA, you pay income tax now on the converted amount. In exchange, the assets grow tax-free for the rest of your life, and your beneficiaries inherit them tax-free as well. Importantly, Roth IRAs have no required minimum distributions during your lifetime, unlike traditional IRAs. This means the account can grow untouched for decades and pass a larger balance to your heirs.

Under current law (the SECURE Act), most non-spouse beneficiaries, with limited exceptions for minor children of the decedent, disabled or chronically ill individuals, and beneficiaries not more than 10 years younger than the decedent, must withdraw inherited IRA assets within 10 years. For a traditional IRA, those withdrawals are taxable income. For a Roth IRA, they are not.

**The estate planning math:** if you expect your beneficiaries to be in a high tax bracket during the 10-year drawdown period (which is common for beneficiaries in their peak earning years), converting to Roth at your current tax rate can transfer significantly more after-tax wealth to the next generation.

This decision involves income tax modeling, estate tax considerations, cash flow analysis, and an understanding of your beneficiaries' financial situations. It sits squarely at the intersection of investment management, tax planning, and estate planning. Getting it right requires all three disciplines working together.

**A Roth conversion isn't just a tax decision. It's a generational wealth transfer decision. The investors who approach it that way transfer significantly more after-tax wealth to their families.**

# What Happens If You Do Nothing

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## **If you die without an estate plan, or with an outdated one, here is what happens:**

- Your state's intestacy laws determine who gets what. These laws are rigid, formulaic, and may not reflect your wishes at all.
- Your assets go through probate, which is public, slow, and expensive.
- A court appoints an administrator for your estate, who may not be the person you would have chosen.
- If you have minor children, a court decides who raises them.
- If you have a blended family, the default distribution may create outcomes that no one in the family intended or wanted.

If you have an estate plan but it hasn't been updated, the risks are subtler but equally real. Beneficiary designations that name the wrong people. Account titling that sends assets to probate when they could have transferred directly. Trust provisions that no longer reflect your wishes or your family's circumstances. Tax strategies that were optimal five years ago but are now counterproductive under current law.

**The cost of doing nothing is not zero. It's paid by the people you leave behind, at the worst possible moment, when they are least equipped to navigate the complexity.**

# What to Review and When

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## Review your estate plan when any of the following occurs:

- A marriage, a divorce, or a significant change in a relationship
- A birth, adoption, or death in the family
- A significant change in your assets or financial situation
- A move to a different state (estate laws vary significantly by state)
- A change in tax law that affects estate or income tax planning
- A change in your wishes or your family's circumstances
- Even absent a specific trigger, every three to five years

## Here is what to review:

- ✓ All beneficiary designations on retirement accounts, life insurance, and TOD accounts
- ✓ Account titling (individual, joint, trust)
- ✓ Will and trust provisions (do they still reflect your wishes?)
- ✓ Power of attorney documents (are the named agents still appropriate?)
- ✓ Healthcare directives (are they current?)
- ✓ Trust funding (are the right assets actually in the trust?)
- ✓ Coordination between your investment strategy and your estate documents

**If you can check every item on this list, your plan is in good shape. If you can't, you know where to start.**

## Why This Guide Exists

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I wrote this guide because I've spent my career at the intersection of two disciplines that the financial industry keeps separate.

As a former attorney, I drafted the documents. As a portfolio manager, I manage the assets those documents are supposed to govern. And I've seen, repeatedly, what happens when the two sides don't communicate.

Most investors don't need a more complex estate plan. They need a more coordinated one. They need someone who understands that a beneficiary designation on a Schwab account and a provision in a trust document are not separate planning items. They're two parts of the same decision, and getting one right while getting the other wrong can undo years of careful planning.

At Erenda Capital Management, we bring both perspectives to every client relationship. Not because we're trying to replace your estate attorney, but because we believe your portfolio manager should be able to read your trust, understand your beneficiary structure, and flag the gaps that most advisors don't even know to look for.

As a former attorney, my legal training informs every aspect of how we manage client relationships at Erenda, from reading trust documents to structuring portfolios with estate implications in mind.

**Your estate plan and your investment strategy are not separate things. They are two halves of the same plan. The investors who treat them that way protect more of what they've built, and transfer more of it to the people they love.**

# Are Your Estate Plan and Your Portfolio Working Together?

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If this guide has raised questions about how your estate documents and your investment accounts are coordinated, we'd welcome a conversation.

We offer a complimentary review of how your estate plan and your portfolio are working together, including beneficiary designations, account titling, and trust coordination. No cost, no obligation, no pressure.

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Nothing in this guide constitutes an offer to sell or a solicitation of an offer to buy any security, nor should it be interpreted as a recommendation of any specific product or strategy.

Matthew Buehler holds a Juris Doctor degree. As a former attorney, his legal training informs Erenda's approach to client service and portfolio management.

For additional information about Erenda Capital Management, including fees and services, please see our Form ADV Part 2A at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).