



Beneficiary Wars

By Gina Lara, MBA, CFP®, Tax & Forensic Accounting Manager, Smith Dickson CPAs

Some families are just antagonistic; but, when individuals are suddenly bequeathed multi-million-dollar estates, even the most reasonable and harmonious families can become embroiled in “beneficiary wars.”

The Second Spouse: In a recent battle, a gentleman had purchased rental properties and built up a sizeable estate during his first marriage. Years after his first wife passed away, he married again, keeping separate bank accounts for all assets accumulated during his first marriage. His adult children managed the rental properties, and everything was going smoothly ... until he died. Allegedly, the decedent did not update his estate planning documents during the 20 years of his second marriage to “provide for” his new wife. Although she received millions comprised of brokerage accounts and retirement plan benefits, she took the kids to court demanding as surviving spouse that she was also lawfully entitled to the rental properties. Smith Dickson, working on behalf of counsel representing the children, examined bank and brokerage accounts dating as far back as the 1960s. Our forensic analysis provided evidence supporting the decedent’s intention to keep assets from each of his marriages separate and distinct. This evidence was instrumental in the children retaining the properties.

The Unwitting Participant: In another case, the

trustee acted in a good faith manner, kept years of receipts and documentation, and did everything she could to be fair in distributing assets. Unfortunately, since the trustee was unfamiliar with the intricacies of fiduciary accounting as required by the California Probate Code, she still found herself as an unwitting participant in a beneficiary war. When this happened, Smith Dickson was called to quickly complete more than 7 years-worth of fiduciary accountings in less than 60 days to ensure the trustee was in compliance with State requirements.



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