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Estate Planning During Divorce: Lessons from Shannen Doherty's Legacy

The July 2024 passing of beloved Gen X actress Shannen Doherty offers important lessons about estate planning during divorce. Known for her iconic roles in "Beverly Hills, 90210," "Heathers" and "Charmed," Doherty not only faced a courageous and public battle with breast cancer but also raced against time to finalize her divorce and protect her estate. Her story shows why proper timing and planning are crucial when navigating divorce - one of life's most challenging transitions.

The Power of Timing

According to [reports](#), just one day before her death, Doherty filed for an uncontested divorce from her husband Kurt Iswarienko, who signed the agreement the following day. This eleventh-hour timing proved crucial for her estate. By finalizing the divorce, Doherty ensured her assets - including a \$6 million Malibu home and future residuals from her acting career - would be distributed according to her wishes rather than being subject to community property laws.

Had the divorce not been finalized, the outcome could have been drastically different. In some states, if a person dies during an active divorce proceeding, the process either halts or is significantly altered. Without a finalized divorce agreement in a community property state like California, Iswarienko could have had a legitimate claim to significant portions of Doherty's estate, potentially leading to years of costly legal battles and family conflict.

Common Estate Planning Mistakes During Divorce

While Doherty managed to finalize her divorce just in time, many people make critical estate planning mistakes during divorce that can have lasting consequences for their families.

Here are the most common pitfalls to avoid:

Waiting Too Long to Update Beneficiary Designations. One of the biggest mistakes is assuming your divorce automatically removes your ex-spouse as a beneficiary from your accounts and insurance policies. The reality is more complicated. While some states have laws that automatically revoke ex-spouse beneficiary designations upon divorce, others don't. Moreover, federal law may override state law for certain types of accounts, like employer-sponsored retirement plans. This means your ex-spouse could still inherit your 401(k) or life insurance proceeds even after divorce.



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if you don't actively change your beneficiaries. When you work with me to create your Life & Legacy Plan, I support you to make sure your assets go to the people you want in the way you want. That includes changing your beneficiary designations if needed.

Forgetting About Digital Assets. In today's digital world, your online presence and digital assets need consideration during divorce. Streaming service accounts, airline miles, cryptocurrency, digital photos, and social media accounts must be addressed. Many people forget to update passwords and access information or fail to specify who should inherit these digital assets. This oversight can leave your loved ones unable to access important memories, valuable assets, or necessary account information.

Neglecting Incapacity Planning. Divorce often focuses people's attention on what happens after death, but incapacity planning is equally important. Your ex-spouse may have been your healthcare proxy or had power of attorney over your financial accounts. During and after divorce, you need to designate new agents to make medical and financial decisions if you become incapacitated. Without updated incapacity planning documents, your ex-spouse might still have legal authority to make crucial decisions about your care, which you may not want.

Making Emotional Decisions. Divorce is emotionally charged, and many people make hasty decisions based on anger or hurt. For example, you might make choices that could trigger expensive legal battles after your death. As a Personal Family Lawyer, I am your trusted advisor who can help you see the impact of your decisions and support you to create a Life & Legacy Plan that aligns with your long-term goals and values.

Protecting Your Assets During Divorce

To avoid these common mistakes and protect your assets during divorce, consider these three practical steps:

Step 1: Create an Asset Inventory

Document all your assets, including property, bank accounts, retirement accounts, investments, life insurance policies, and digital assets. Note which assets are yours alone and which ones are joint assets. This inventory will help ensure nothing is overlooked during the divorce process. When you meet with me for a Life & Legacy Planning® Session, I will support you with this step.

Step 2: Review and Change Beneficiary Designations

Systematically review and update beneficiary designations on all financial accounts, retirement plans, and insurance policies. Remember that beneficiary designations typically override what's written in your will or trust.

Step 3: Create a Life & Legacy Plan



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When you work with me to create your comprehensive Life & Legacy Plan, you'll know your assets will go to the people you want in the way you want and that you'll be cared for by those you trust most if you become unable to care for yourself. You'll also know that your beneficiary designations will be updated, your assets accounted for, and that you're making the best decisions for the long term.

Your Next Step

As a Personal Family Lawyer® Firm, I help you navigate life's transitions while protecting your assets and loved ones. I don't just create estate planning documents - I provide ongoing support to ensure your plan evolves with your life changes and works when you and your loved ones need it most. Through the Life & Legacy Planning process, I will help you make informed decisions about your estate, especially during major life transitions.

Click here to schedule a complimentary 15-minute consultation to get started:

<https://calendly.com/lauren-tlppc>

This article is a service of The Legacy Planners P.C., a Personal Family Lawyer® Firm. We don't just draft documents; we ensure you make informed and empowered decisions about life and death, for yourself and the people you love. That's why we offer a Life & Legacy Planning Session, during which you will get more financially organized than you've ever been before and make all the best choices for the people you love. You can begin by calling our office today to schedule a Life & Legacy Planning Session.

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