PLAN YOUR ESTATE 3.3 (PLAN YOUR ESTATE) pdf

1: Basic Estate Planning | Attorneys & Counselors at Law | Page 3 of 3

If you're like most people, you've probably delegated estate planning to the realm of things to be done "someday." Most people dislike confronting their own mortality, but proper estate planning accomplishes two major objectives â€" it ensures that your wealth is distributed according to your wishes and it can reduce the payment of federal and state estate taxes.

However, as a tradeoff, many of these plans can result in beneficiaries receiving property that is subject to capital gains when sold. In additional, many revocable trusts created by married couples provide that separate shares are created to avoid estate taxation at the death of the first spouse. In addition, many revocable trusts created and funded years ago can be easily modified or terminated to provide for estate inclusion at the death of the grantor or of a beneficiary. One of the first steps is trying to assess the potential transfer tax costs against the income tax savings that would arise from a step-up. In these situations, tax basis planning is often a primary component of an estate plan. For example, in , John died, leaving commercial real estate in a credit shelter trust for the benefit of his wife, Mary, and their children. Here it gets a bit trickier. These estates may end up owing federal estate taxes. Moreover, many pundits believe that Congress may give the federal estate tax yet another overhaul prior to For example, Jane worked for decades to build a catering business. As a component of her business succession plan, Jane wishes to begin gifting appreciated non-voting interests in her LLC to her children to freeze the value for estate tax purposes. However, instead of gifting non-voting interests directly in trust for the benefit of her children, she creates an irrevocable grantor trust for the benefit of her elderly mother. The trust is designed such that upon the death of her mother, the interests are distributed in trust for the benefit of her children. Those couples or individuals who have larger estates in excess of lifetime exemptions can also benefit from both transfer and income tax efficient advanced planning techniques. The trustee of the trust invested in a portfolio of aggressive growth stocks in anticipation of the recovery from the recession. The risk paid off. Peter is suffering from declining health and wishes to find a way to avoid capital gain recognition when the portfolio is distributed to his children and sold following his death. As with most grantor trusts, Peter retained the power to swap assets of equivalent value with the trustee. Peter may consider swapping high basis assets such as bonds, other fixed income investments or life insurance for the appreciated portfolio. The appreciated assets, now in his gross estate for transfer tax purposes, will be stepped-up at his death, eliminating or significantly reducing the gain recognized when the securities are subsequently sold. Change is Always Out There It is important to remember that things change. The federal transfer tax regime has been overhauled three times in the past 18 years. It is a safe bet that it will be again. The step -up in tax basis may be on the endangered species list. Former Vice President Joe Biden recently proposed taxing appreciated assets at death as a way to pay for free college tuition, eliminating the step-up loophole. No one has a crystal ball. Establishing an estate and succession plan with such uncertainty requires careful analysis and, most importantly, flexibility. What worked in or may no longer.

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2: Plan Your Estate Denis Clifford, Cora Jordan: www.enganchecubano.com: Books

*Plan Your Estate [Denis Clifford, Cora Jordan] on www.enganchecubano.com *FREE* shipping on qualifying offers. The most comprehensive estate planning book available, from basic probate avoidance techniques to sophisticated tax saving strategies excellent source of information on wills and estate planning.*

Will I be Subject to the Estate Tax? What About Other Taxes? This brief post does not delve into the complexities of the estate tax, but deals with two common questions: There are exceptions to these rules, perhaps the most prominent being property passed to a spouse who is not a United States citizen. If your net worth is even close to the estate tax exemption amounts, or you have special circumstances like a non-citizen spouse, prior gifts of large value, etc. If you only remember one point from this blog post, remember this: Estate tax the tax on transfer of your wealth at death is only one form of taxation that impacts estate planning. Although the vast majority of Americans pay no federal estate tax, most Americans do pay federal income tax which includes investment gains. In my last blog post , I discussed an enormous income tax loophole, known as the automatic step-up in basis at death. Taking advantage of that income tax benefit alone can easily save a family hundreds of thousands of dollars in income tax, even if they have nowhere near the net worth to worry about the estate tax. In conclusion, tax planning is a crucial component of a solid estate plan. The information above is not legal advice and is not the basis of an attorney-client relationship. If you need assistance, you can hire an attorney to assist you with your individual legal needs. After you learn the basics of the rule, remember this: Paula has lived a long and happy life, but she has a serious medical condition and her doctors say she now has less than a year left to live. Our goal is to get as much of that money to her daughter as possible. Option 1 Pay Lots of Taxes: If Paula sells her stock today, the federal government will tax her on the gain or appreciation in her Apple stock. Calculating this gain is a simple subtraction problem. She then passes it on to her daughter through a will, living trust, or by naming her as a death beneficiary on her investment account. Conclusion One of the fundamental principles of tax is that income gain is subject to taxation. Remember, this is just a brief overview and is not individual legal advice, so make sure to consult an estate planning professional if you have property that might qualify for this loophole. This reason alone makes life without an estate plan unacceptable for most families with small children, mine included. Aside from wills, other useful estate planning tools can be tailored to your needs. Failure to plan ahead will often leave your loved ones unable to quickly distribute property, instead forcing them to spend a year and considerable sums of money muddling through the court system, unable to move on after a death in the family. A living trust and other documents can help avoid all of this. Competent legal advice for your estate plan is of enormous value. Many of the rules about witnessing, signatures, and other formalities are both archaic and draconian. However, failure to comply with these formalities often invalidates an entire willâ€"an experienced estate planning attorney can help you avoid errors that could cost your family tens or hundreds of thousands of dollars in the future. The following are some practical considerations about hiring an attorney: I can understand the hesitation to seek out an attorney. Most of my clients were seeing an attorney for the first time in their life. But after working together, I believe many of my clients felt much more at ease about their legal issues and confident in their knowledge of the process. I feel it is crucial to find someone that makes you feel comfortable, and who empowers you to take charge of your legal affairs. Practical Tips for Finding an Attorney that Works for You When looking for an estate planning attorney, make sure to research your options. If you know and feel comfortable with an attorney in your local area, call and ask for recommendations. If you know people who have hired attorneys, ask about their experiences. Have they practiced in other areas before? Feel free to interview several attorneys before hiring one. Ask up front if they will do a free consultation. When you call the receptionist, are you treated respectfully? Are your calls returned? When you interview attorneys, make sure to ask them about their philosophy. Why do they practice law? In my time as a JAG, I developed my own philosophy: I find that doing this gives the client more confidence in the process, and ultimately yields a solution better suited to their needs. There are other successful philosophies out there, but the important thing is that you find an attorney whose philosophy fits your needs. As indicated in the title, my goal is to advocate for a more client-focused, personalized and less fill-in-the-blank estate planning experience. You can navigate to posts in the applicable category by clicking the tags on the right side of the screen. The intent is to keep the content broad enough that it is relevant to people across the country. It is absolutely crucial that people who have special needs family members obtain an estate plan tailored to their unique needs. Braden just graduated from high school, a major accomplishment in his life. However, his condition requires him to be constantly supervised, and he needs expensive weekly occupational therapy. He will never be able to have a job. Jonathan and Carrie have provided a loving environment for Braden, and he is happy and doing well. His aunts and uncles who live in Hinsdale and Downers Grove frequently visit and help care for him. Jonathan and Carrie are both data analysts at a corporation in Naperville. They worry about what will happen to Braden when they die. They have foregone taking vacations, purchasing a larger house, and always purchased clothing at thrift stores, all to save enough so that Braden will have a comfortable life. However, they incorrectly assume that this guardianship will solve the problems with transferring money to Braden. Jonathan and Carrie die suddenly in a car accident, leaving Braden dependent on his extended family. Soon after the tragedy, the extended family begins to realize what an enormous mistake Jonathan and Carrie made. However, with an inheritance from his parents, Braden now exceeds the asset limits for these programs. He will now be forced to pay out-of-pocket for his expenses until he becomes impoverished, and can then obtain the benefits he once had. Once his inheritance is gone and he is again on Medicaid and SSI, his uncles and aunts will constantly have to purchase goods and services for him to maintain his comfort and standard of living. The last thing they would have wanted would be for him to lose medical and SSI benefits as a result of their plan, and to become a burden on their family. During their lives, Jonathan and Carrie would both have full access to the money in their living trust. It is only after their deaths that the benefits of the trust would kick in. The trustee purchases services or items to help Braden feel comfortable. This could be food, housing, clothing, books, movies, or even travel tickets to visit family. However, the trust funds could not be used for medical services that would otherwise be covered by government benefits. Therefore, he qualifies for Medicaid and SSI, but still benefits from the quality of life for which his parents had worked so hard to save. Further, Braden is not a financial burden on his extended family because his parents planned ahead for him with a well-drafted supplemental needs trust. Administering the Trust The trustee of the supplemental needs trust needs to be careful to follow the instructions in the trust. If the trustee is unsure about how to properly do his job, he should seek help from a qualified wills, trusts, and estates attorney. Agencies like this can even take smaller trust funds and consolidate them into a pooled trust, to reduce administrative expenses for running the trust. Conclusion Families show their love to special needs relatives in amazing ways, often through a lifetime of dedicated service, patience, and kindness. Many families also make great sacrifices to save money to help their disabled loved ones maintain a good quality of life, even after the deaths of the non-disabled family members.

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3: Estate Planning

Your attorney can update your estate plan to authorize access to your digital property and specify your plans for your digital property. Also consider the potential obstacles your family members or an executor could face in trying to access your accounts and digital assets.

May 09, The concept of digital assets â€” think Bitcoin, Facebook photos and an iTunes library â€” is fairly new in the estate-planning process. Ironically, the steps you take to keep your digital assets safe can make it difficult or even impossible for family members and executors of your estate to see the extent of your assets, much less inventory and distribute them after death. Here are three steps you can take now so your digital assets are available to the executor of your estate. Document your digital property Most financial statements today are delivered by email and stored in smartphones, computers or in the cloud. Bill payments, tax return filings and other financial transactions are handled electronically. Other assets are sentimental in value, such as social media accounts, digital music and video collections, or digital photos and videos. Make a list of your important passwords, online accounts and digital collections. Specify what should be done with each item on your list if you become incapacitated or after you pass away. The privacy section of an online agreement is designed expressly to prevent anyone but the account owner from accessing its contents. Some allow you to make provisions for access in the event of death, but you have to specify this in the agreement. Review the agreement for your rights upon death or incapacity, and determine if you would be able to transfer your account or the data stored in your account. Some providers, including Google and Facebook, now offer options to manage aspects of your account or transfer data stored in your account after death. Ask your legal advisor to help you develop a document outlining estate plans for your digital assets Only 44 percent of the U. Your attorney can update your estate plan to authorize access to your digital property and specify your plans for your digital property. Also consider the potential obstacles your family members or an executor could face in trying to access your accounts and digital assets. Data encryption offers an extra layer of security to your accounts. However, encryption can complicate the retrieval of your assets. Lastly, laws related to unauthorized access to data or computers may unintentionally put loved ones at risk when carrying out their duties if you become incapacitated or pass away. This includes email contents, private social media postings and cloud-stored documents. Bank trust and estate services. Do Not Have a Will.

4: Estate Planning - Fidelity

Section 3(3) is indeed a 'silent assassin' with the capacity to derail any estate plan. All estate planning must be done with this provision in mind. The application of Section 3(3) could spell disaster for an estate and the heirs.

The most basic step in estate planning involves writing a will. Other major estate planning tasks include: The will also indicates whether a trust should be created after death. The authenticity of a will is determined through a legal process known as probate. A probate is the first step taken in administering the estate of a deceased person and distributing assets to the beneficiaries. When an individual dies, the custodian of the will must take the will to the probate court or to the executor named in the will within 30 days of the death of the testator. The probate process is a court-supervised procedure in which the authenticity of the will left behind is proven to be valid and accepted as the true last testament of the deceased. The court officially appoints the executor named in the will, which, in turn, gives the executor the legal power to act on behalf of the deceased. Appointing the Right Executor The legal personal representative or executor approved by the court is responsible for locating and overseeing all the assets of the deceased. The executor has to estimate the value of the estate by using either the date of death value or the alternative valuation date, as provided in the Internal Revenue Code IRC. A list of assets that need to be assessed during probate include retirement accounts, bank accounts, stocks and bonds, real estate property, jewelry, and any other items of value. Most assets that are subject to probate administration come under the supervision of the probate court in the place where the decedent lived at death. The exception is real estate. The executor also has to pay off any taxes and debt owed by the deceased from the estate. Claims that are rejected by the executor can be taken to court where a probate judge will have the final say on whether or not the claim is valid. The executor is also responsible for filing the final personal income tax returns on behalf of the deceased. Any estate taxes that are pending will come due within nine months of the date of death. After the inventory of the estate has been taken, value of assets calculated, and taxes and debt paid off, the executor will then seek authorization form the court to distribute whatever is left of the estate to the beneficiaries. Death can result in large iabilities for the family, necessitating generational transfer strategies that can reduce, eliminate or postpone tax payments. During the estate planning process, there are significant steps that individuals and married couples can take to reduce the impact of these taxes. For instance, married couple can set up an AB trust that divides into two after the death of the first spouse. Or a grandfather may encourage his grandchildren to seek college or advanced degrees and, therefore, transfer assets to an entity for the purpose of current or future education funding. That may be a much more tax-efficient move as opposed to dying, having those assets transfer to his son and, finally, having the same assets fund college when the beneficiaries are of college age. The latter may trigger multiple tax events that can severely limit the amount of funding available to the kids. The gifts reduce the financial size of the estate since they are excluded from the taxable estate, thus, lowering the estate tax bill. As a result, the individual has a lower effective cost of giving, which provides additional incentive to make those gifts. And of course, an individual may wish to make charitable contributions to a variety of causes. Estate freezing is also a strategy that can be taken to limit death taxes. It involves an individual locking in the current value and thus, tax liability, of his or her property, while attributing the value of future growth of that capital property to another person. Any increase that occurs in the value of the assets in the future is transferred to the benefit of another person, such as a spouse, child, or grandchild. This method involves freezing the value of an asset at its value on the date of transfer. Accordingly, the amount of potential capital gain at death is also frozen, allowing the estate planner to estimate his or her potential tax liability on death and better plan for the payment of income taxes. Using Life Insurance in Estate Planning Life insurance serves as a source to pay death taxes, pay expenses, fund business buy-sell agreements, and fund retirement plans. If sufficient insurance proceeds are available and the policies are properly structured, any income tax arising on the deemed dispositions of assets following the death of an individual can be paid without resorting to the sale of his or her assets. Proceeds from life insurance that are received by the beneficiaries upon the death of the insured are generally income tax-free. Estate planning is an ongoing process and should be started as soon as one has any measurable asset base. As life progresses and goals shift, the estate plan should shift in line with new goals.

5: Proper asset titling: Estate planning and your home - Page 3 of 3 - InvestorsObserver

Whether you are doing your own estate plan or consulting an attorney, this book will give you a clear picture of what's important to consider, how it all plays out, and what your options are. Very well written for lay persons.

6: Completing Your Estate Plan Sooner Than Later - And Updating It, Too

And by creating your estate plan online, you can save yourself a lot of money. We can help. In this guide, we'll cover the entire estate planning process, from writing a Will to how to distribute your plan to your family and doctors.

7: 3 steps to prepare and protect digital assets in your estate plan

The reality is that your traditional estate plan will result in a 70% chance that your wealth will be lost by the second generation, and a 90% chance that your wealth will be lost by the third.

8: Fix Your Obsolete Estate Plan | Thought Leadership | McLane Middleton

Although the tax plan proposes numerous changes to our current system, we wanted to review a few that could impact your estate plan. 1. Repealing the Estate Tax We have written previously about the history of the estate tax, but pretty soon the estate tax itself could be history.

9: Why The New Tax Plan Means Reevaluating Your Clientsâ€™ Estate Plans - AdvisorNews

Estate planning can be confusing if you're just getting started with your own plan. With so many documents and terms, it can be difficult to understand all aspects of the process.

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