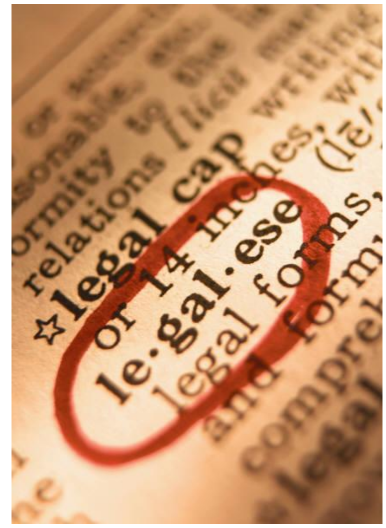
## Current Estate Laws Require Advanced Estate Planning




- *Will you owe a state estate tax?*
- *Do you need to make family or charitable gifts now or after death?*
- *Would a charitable gift annuity benefit you – or a charitable remainder trust?*
- *Will a qualified personal residence trust (QPRT) benefit you? We've seen situation where they do and others where they do not fit with the family goals.*
- *Are your assets diversified properly to maintain your income and estate plan?*
- *Even if your estate is below the current 5 million amount for Federal taxation, will it grow in the years before your death to a large enough number to cause tax trouble?*
- *Will your assets decrease, remain the same or grow in retirement?*
- *Have you figured out how to avoid estate taxes on an estate over 1 million in NY?*
- *Should you have a living trust, a Medicaid trust or trusts in your will?*
- *Are there family members who could be protected from divorce, lawsuits or nursing home costs if you did appropriate planning today?*

**How much of planning is a benefit to you and your heirs and how much is hype?**

The only way to know is to do an estate plan with a planner – someone who is not invested in your needing legal documents or insurance.

We recommend estate planning be done at younger ages but that doesn't always happen. Recently we did some planning for a couple in their late 80s. She was showing increasing signs of dementia and he had congestive heart issues. One of their sons was the catalyst. They had never done any planning, not realizing they had assets to protect. After analyzing assets and assembling their net worth statement we discovered an estate exceeding 800,000. Long term care insurance was out of the question. A Medicaid trust didn't make much sense as the wife would probably need care shortly and had other health issues that could cause her early demise and her husband's heart condition could cause him to predecease her.

This couple needed powers of attorney to be able to change asset ownership, some carefully constructed wills with trusts and if they live another few years will probably need to utilize some of the loopholes in the eldercare laws to preserve assets for their family.

Right after the tax law changed to allow 5 million to pass to heirs without estate or gift tax, a new client gave away 5 million to 5 children in trusts after we had completed the analysis stage of the estate plan. There had also previously been other excellent estate planning to pass substantial assets without tax. Fortunately or unfortunately the estate has grown back to where it was before the gifts. The estate will still be reduced by more than $10,000,000 between the gift and the growth of the gifted money. We are examining other ways to increase income and reduce the ultimate estate. For every million above the basic 5 million exemption (which is already used due to the wise gifting completed) there will be $450,000 of estate taxes due to the Fed plus 120,000 to NY. That's the bad news. The good news is that the planning already done has finessed the IRS and NY out of the taxes on $11,000,000 (over $6,000,000).

Every plan is different. An excellent estate plan is not about a couple of documents. It's about uncovering and solving the problems, unearthing and discussing the previously invisible opportunities, and using good numbers to make the best choices.