



Estate Planning Alternatives

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Why Do Estate Planning?

Death Guaranteed, 40% chance of incapacity

Common Goals:

- _ Control of Property before and after death
- _ Plan for me and loved ones if I become disabled
- _ Give Property to whom, when and the way I want
- _ With minimum legal fees and taxes

Alternatives

- _ Doing Nothing
- _ Gifting Assets
- _ Beneficiary Transfers
- _ Joint Ownership
- _ Will
- _ Revocable Living Trust

Alternatives

Giving Away Assets

- _ Better for donor from tax standpoint than bequest
- _ But you lose control and sometimes can't afford

Beneficiary Transfers

- _ Court Interference if Beneficiary:
 - _ Incapacitated
 - _ Dies First or at Same Time
 - _ "My Estate"
 - _ Minor
- _ Goes through probate at beneficiary's death

Alternatives

Joint Tenancy is the worst way to hold title

- _ can pass title to unintended heirs
- _ affords no planning opportunities
- _ no control
- _ gift taxes to non spousal owners
- _ estate taxes to non spousal owners and heirs do not inherit property unless surviving JT
- _ Excellent for creditors: Joint and several liability
- _ Inability to sell or refinance if one JT is incapacitated

Choices in Estate Planning

	Doing Nothing	Joint Tenancy	Simple Will	Power of Attorney	Living Trust
Avoid Conservatorship?	No	No	No	No	Yes
Avoid Probate on the 1st Death?	No	Yes	No	No	Yes
Avoid Probate on the 2nd Death?	No	No	No	No	Yes
Control the Distribution on the 1st Death?	No	?	Yes	No	Yes
Control the Distribution on the 2nd Death?	No	?	Yes	No	Yes
Provide the Maximum Savings?	No	No	No	No	Yes

Estate Expenses

- _ Three Factors of Overall Cost
 - _ Cost of Design of the Documents
 - _ Cost of Updating or Failing to Update
 - _ Cost After Death
 - _ Transfer of Assets
 - _ Tax Returns etc.

Estate Expenses

ESTATE SIZE	PROBATE FEES	% OF ESTATE	ESTATE TAX
\$1,000,000	\$46,000	.046	-0-
\$1,500,000	\$56,000	.037	-0-
\$2,000,000	\$66,000	.033	-0-
\$2,500,000	\$76,000	.030	\$230,000
\$3,000,000	\$86,000	.029	\$475,000
\$4,000,000	\$106,000	.026	\$970,000
\$5,000,000	\$126,000	.025	\$1,430,000

What a Living Trust is and is not

- It is a contract for the private administration of your estate that avoids probate because the courts honor the intentions of a party to a contract
- It is not a magic book that automatically pays expenses, taxes, transfers title and operates without the management of responsible trustees and other family members

Comparison of Trusts and Wills

Wills	Trusts
May not control all property	Control all property in trust
Do not take care of you	Do take care of you
Are public	Are private
Are not viable interstate	Are good in every state
Require Probate	Are Probate Free
Usually do not plan estate tax	Usually do plan estate tax
Are easy to attack	Are difficult to attack
Only effective at death	Effective immediately

Benefits of Revocable Trusts

— Avoid probate and conservatorships

— control property

— plan for disability

— stack estate tax exemptions for married couple

— save well over 90% of fees and costs if properly updated and settled

— Remarriage Protection for spouse and Divorce Protection for children

— Creditor Protection after 1st death

— Values Promotion

— Dispute Resolution

— Multi generational planning

— Business Continuation planning

Most Important Question

Will you commit to a plan that will work ?

- _ 8 common reasons that trusts fail:
 - _ think it is a magic book
 - _ client not educated as to alternative objectives
 - _ controlled by attorney
 - _ not funded
 - _ not updated
 - _ not in compliance with law
 - _ improper trustee
 - _ team of advisors not consulted

Solution

3 Step Strategy

- Work with a counseling oriented attorney
- Establish and maintain a formal updating program
- Assure Controlled Settlement Costs After Your death



Thanks for Attending