

TEN NON-ESTATE TAX REASONS TO DO ESTATE PLANNING

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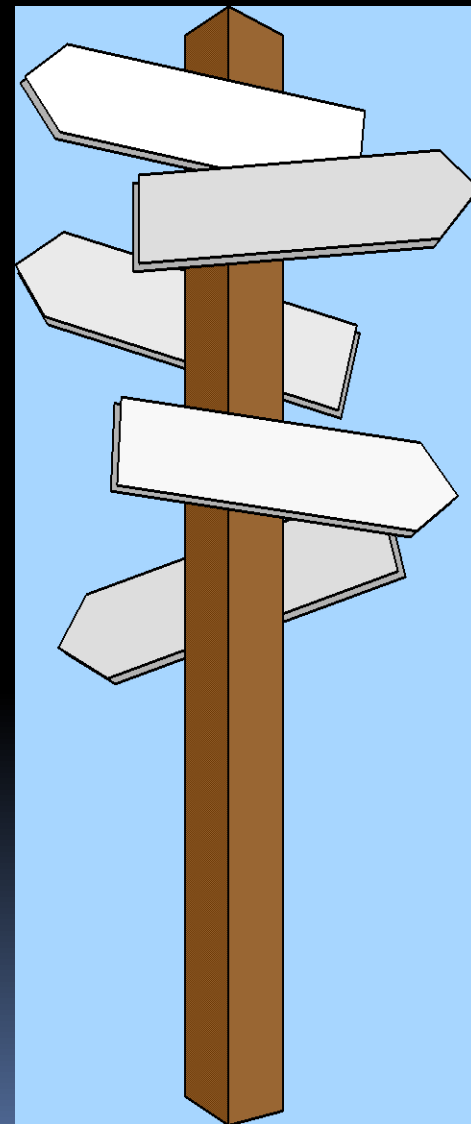
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PLAN FOR NON-ESTATE TAX ISSUES

- 1. INCOMPETENCE
- 2. MINOR CHILDREN
- 3. METHOD OF PASSING ASSETS
- 4. BLENDED FAMILIES
- 5. SPECIAL NEEDS
- 6. BLOODLINE TRUSTS
- 7. LONG-TERM-CARE
- 8. IRA/TAX-DEFERRED ASSETS
- 9. BUSINESS OWNERSHIP
- 10. ESTATE SETTLEMENT



1. IF THE CLIENT IS INCOMPETENT

WITHOUT A PLAN

- Court selects manager of business & finances
- The fun of guardianships
- Issues of Control

WITH A PLAN

- Client selects manager of business & finances
- Using powers of attorney
- Using a Trust

2. WHO RAISES THE CHILDREN?

WITHOUT A PLAN

- Judge makes decision
- Funds for raising children may evaporate if no plan of liquidation for business or no cash flow from business or other property

WITH A PLAN

- Client nominates guardian (POA, Will)
- Client details how cash will be obtained from the value of your business and/or estate
- Guardianship v. Trusteeship
 - Salary to Caregiver?
 - Living Arrangements?
 - Life Insurance to Finance Plans?

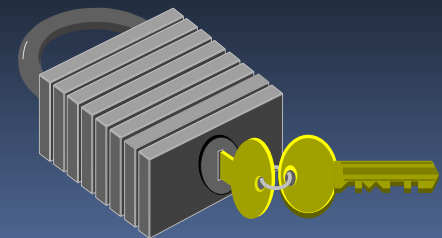
3. HOW DOES THE FAMILY INHERIT ASSETS?

WITHOUT A PLAN

- Family receives property with no direction or trust protection
- Multiple business owners and/or beneficiaries ensure conflict

WITH A PLAN

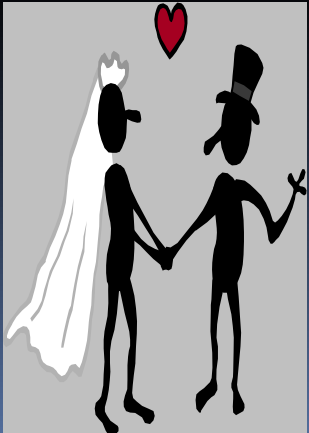
- One person manages the estate (Trustee/Executor)
- Client decides who gets the assets, as well as when and how they get them
- Tax Apportionment



4. CLIENT HAS A “BLENDED” FAMILY

WITHOUT A PLAN

- Children from different marriages may not be treated as intended
- Prenuptial agreement terms may not have been addressed leading to lawsuit
- Priorities per law
- “Survivor Take All?”



WITH A PLAN

- Client decides allocation between current spouse and children (B Trust now)
- Plan coordinates with contractual agreements under prenuptial agreement or buy-sell

5. CLIENT HAS A SPECIAL NEEDS CHILD

WITHOUT A PLAN

- Child may be disqualified from Medicaid and SSI so your assets used for basic care
- Property may be liquidated at an inopportune time to provide funds for care

WITH A PLAN

- Supplemental Needs Trust enables child to qualify for Medicaid and SSI
- Clients assets are available for non-covered expenses



6. CLIENTS WANT MONEY TO STAY IN *THEIR* FAMILY

WITHOUT A PLAN

- Client's child's spouse may benefit from the assets - lateral movement of estate away from lineal descendants possible
- Creditors have access

WITH A PLAN

- Client's child can receive absolute asset protection
- Trust can ensure that Client's estate stays in the family name

7. HOW WILL YOU PAY FOR LONG-TERM CARE?

WITH OR WITHOUT A PLAN

- Self-Pay
- Long-Term Care Insurance
- Medicare
- Medicaid

8. CLIENT HAS A RETIREMENT ACCOUNT

WITHOUT A PLAN

- Beneficiary form may not reflect Client's current wishes
- Beneficiary may experience burdensome income tax consequences from required distributions
- No creditor protection?
- Possible probate if no named beneficiary

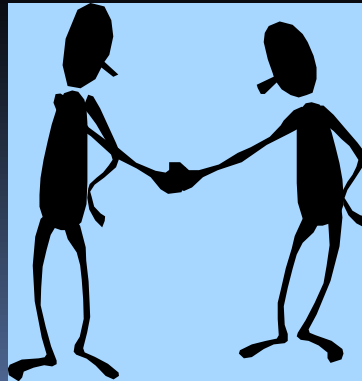
WITH A PLAN

- Choose first and second beneficiary
- Beneficiary may minimize the income taxes by “stretching” out distributions
- Charitable goals?
- Trust = creditor protection

9. CLIENT OWNS A BUSINESS

WITHOUT A PLAN

- No designated successor
- Courts favor winding down the business as soon as possible
- Private business affairs become public



WITH A PLAN

- Entity Selection
- Client chooses successor
- Lifetime Discounted Gifting
- Trust directs successor how to liquidate business and successor may keep business active

10. DOES THE CLIENT'S ESTATE HAVE TO GO THROUGH PROBATE?

WITHOUT A PLAN

- Estate subject to unnecessary delays & fees
- Other states may be involved
- Assets and distribution are part of public records

WITH A PLAN

- Client assets may avoid probate entirely
 - Transfer on death
 - Trust transfers
 - Payable on death
 - Beneficiary designations

WHERE DO WE GO FROM HERE?

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