"NATIONAL ESTATE PLANNING AWARENESS WEEK"

"National Estate Planning Awareness Week" is October 17-23, 2011. Congress passed HR 1499 declaring this special week in order to bring attention to the estimated 120 million Americans who do not have up-to-date estate plans to protect themselves or their families in the event of sickness, accidents, or untimely death. Don't dismiss this risk just because you have a will. A significant number of clients do not understand how inadequate their estate planning really is.

The discussion below will hopefully remind you that estate planning is much more than a will and much more than planning for death; it's not only for the elderly, but a process everyone over age 18 must address. And, don't dismiss the planning process because of uncertainties with the tax law. Taxes are only one component of an estate plan, and uncertainty doesn't mean planning is not possible or critical; only that the planning has to be more flexible.

Retirement Planning

A Roper poll commissioned by the AICPA found that two-thirds of Americans over age 65 believe they lack the knowledge necessary to adequately plan for retirement. You may have questions similar to the findings in the survey:

- If your retirement plan is not adequate, what might be left for your heirs?
- Is spending down your estate what you really envisioned as the way to reduce potential estate taxes?
- Did you know that, for many people, their beneficiary designations (IRA or life insurance, for example) control the distribution of most or almost all of their assets? Many of these people spend considerable money and time obtaining a complex will that may only direct where a small portion of their estate is distributed.
- If you want to make gifts to children or other heirs, have you first projected whether you'll have sufficient funds for your later years? Gifts are a wonderful way to help heirs while you're alive and can enjoy seeing your heirs benefit, but even many wealthy people overestimate their available resources. Plan first.

Planning for Aging and Disability

Elder financial abuse has become so prevalent that it has become a new specialty area of the law. Traditional estate planning documents, such as a will and health proxy, do nothing to address this. We can assist you with some simple, low-cost steps to minimize these risks.

Did you know that nearly 120 million Americans are living with some type of chronic illness—and that this is not only an issue for the elderly? Twenty-six percent of Americans age 65-74 have a chronic illness that has had a significant impact on their lives. Does your plan protect you? How you organize and handle your investments and finances, bill paying, and other routine matters can make it dramatically easier for you or a loved one to cope with future health issues. We can help you plan now to avoid financial trauma later.

Do you have an estate planning team? Many clients do, but have not coordinated them. Something as simple as a conference call (or web conference) with your attorney, wealth manager, CPA, and key family members can create a coordinated team of advisers from what otherwise are only independent planners working without a plan.

Asset Protection

If you don't have adequate excess liability coverage, a simple accident could devastate your estate and leave your struggling financially. When was the last time you had a comprehensive review of all your property, casualty, and liability coverage? We can coordinate this review so that your insurance consultant understands which trusts or entities may own certain assets, and the values of your estate, to help ensure a proper analysis.

Did you know that courts can pierce through corporations, partnerships, and limited liability companies if you don't respect the formalities of these entities? That could put your home and much of your savings at risk.

Do you have the appropriate entities to protect your interests? We can review these issues with you.

Your Financial Plan

Do you have a budget and financial plan? Even very wealthy people will benefit from going through the process. Determining your future financial needs and goals is an integral part of determining how much investment risk your portfolio should have, what gifts you can make, what your insurance needs are, and much more. A financial plan is the foundation of every estate and retirement plan. We can assist you in assembling the data for a budget, preparing projections, and other steps.

Is Your Will Current?

Is your will current? While the old rule of thumb might have been to review your estate plan at least every 3-5 years, or if a significant life event occurred (marriage, divorce, new child, or significant financial change), the "new-normal" of estate planning is to review your plan every year. An hour or two of time to assure that the issues discussed in this letter are addressed is really essential to keep your finances and family safe, trusts properly maintained and your estate plan current. The economic, legal, and tax changes have become so significant and frequent that an estate checkup should be as routine as an annual physical. We can facilitate the process by creating the balance sheet and financial data essential to the process and, if you wish, coordinating the meeting of your advisers.

If your will was not reviewed since the 2010 Tax Act was passed last December, you should have it looked at; formula clauses typically used in many wills can have varying impact given the changes in the law.

Estate planning is critical for everyone to address. The process requires a regular review and coordination of your advisers, but to obtain the protections you and your loved ones need, much more than a will needs to be addressed. Let us know how we can help.