

Price & Farrington's Estate and Tax Planning FastFacts

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Estate, Tax, Retirement and Family Wealth Planning for Advisors+ Clients

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Year-End Checklist: Does Your Estate Plan Address These Issues?

To Our Clients, Colleagues and Friends:

During the holiday season as you reflect upon your accomplishments and goals this past year, what better time to take stock of the state of your family's estate planning? We suggest you take advantage of the holidays—when you are together with your loved ones—to discuss the most important gift you can give to your family: *A concrete, clearly written, well-counseled estate plan that protects, preserves and passes your estate to your loved ones while you are alive and after your death.*

If you are older (i.e., a “seasoned” citizen), make sure your *adult children* have done their estate planning for themselves and your grandkids; they are your *beneficiaries*. If you are younger, make sure your *parents* have solid estate planning in place; they are your *benefactors*. It is important to:

✦ Review your will or living trust, and, to avoid surprises during your incapacity or following your

death, make sure your children know your wishes. A critical reminder: *update estate planning documents that no longer accurately reflect the goals or circumstances in your life.*

✦ Make sure you have a comprehensive, up-to-date durable power of attorney for financial affairs and a medical durable power of attorney for health care.

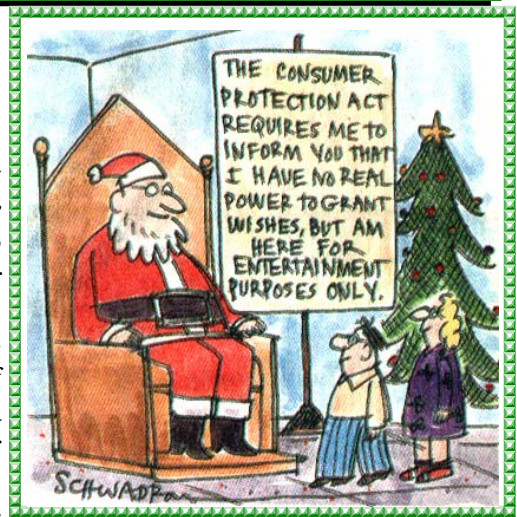
✦ Check your life insurance and retirement accounts to make sure the beneficiary designations are current and are consistent with your estate planning goals.

✦ Review your potential estate tax liability and develop a plan to ensure that your assets are transferred to your beneficiaries without triggering an onerous tax.

Your Checklist

1. **Incapacity Planning—Financial.** A common—and dangerous—myth is that estate planning only addresses *death* and *dying*. Wrong! Wrong! Wrong! Do you have an updated, well-drafted **durable general power of attorney** for financial decision-making in case you are *disabled* or *incapacitated*? There's a far greater likelihood that will occur in any given year rather than your death.

2. **Incapacity Planning—Health Care.** Do you have an updated, comprehensive **medical durable power of attorney** with new HIPAA privacy provisions? Do you have an **Authorization for Release of Protected Health Information** (under HIPAA)? Do you have a **Living Will** (also known as a Directive to Physicians) in case you are in an irreversible coma or other permanently unconscious state and do not wish to be maintained for years on fruitless and expensive life support?



2. **Protection of Minor Children.** Does your will appoint **guardians** for your minor children? Is there a **trust** in place to protect, manage and distribute assets for their benefit after you're gone? Does your durable power of attorney appoint **temporary guardians** for your children during your possible disability or incapacity? Does your plan have sufficient **life insurance** in place for their benefit?

3. **Credit Shelter Trust Planning.** Does your estate plan provide for maximum use of your and your spouse's estate tax exclusion amounts through the use of a flexible Credit Shelter Bypass Trust?

4. **Family Heirlooms.** Does your estate plan include clear provisions for disposing of **family heirlooms** and other specific items of tangible **personal property**, to avoid disputes following your death?

5. **Blended Families.** Does your estate plan allow you, following your death, to provide for your

Estate, Tax, Business and Asset Protection Planning provided by Price & Farrington, PLLC Attorneys and Counselors at Law



Happy Holidays from
all of us at
Price & Farrington!

Our best wishes to you and your family for a safe and joyous Holiday season.

We hope your New Year is filled with health and happiness!

Glenn and Chuck



surviving spouse during his or her lifetime, but ensure that appropriate assets will eventually go to *your children from a prior marriage?*

6. Inheritance Protection.

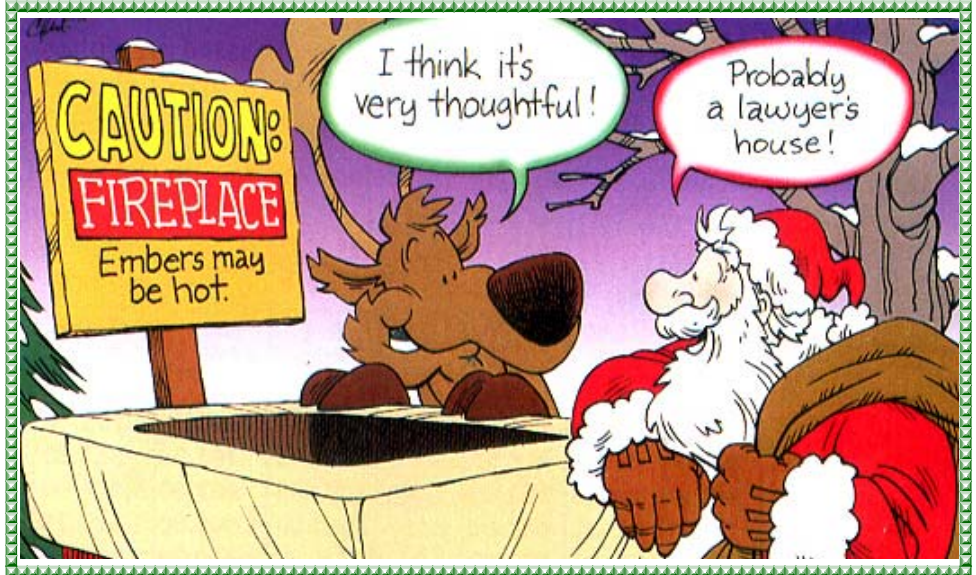
Does your estate plan provide *asset protection* for your beneficiaries' inheritance? A properly designed *trust* can protect your beneficiaries from *themselves, creditors, bankruptcy, lawsuits and divorce* — and provide incentives for particular achievements or conduct.

7. Special Needs Trust.

Does your estate plan include a *special needs trust* option for an inheritance going to a *disabled heir?* This trust is carefully drafted by an attorney to prevent a child or adult beneficiary's inheritance from making him or her ineligible for government assistance they're entitled to, such as SSDI or Medicaid.

8. Protection of IRA Assets.

Does your estate plan maximize the



tax-deferred growth of your retirement accounts after you have died? Tax-deferred compounding of your retirement assets over the lifetime of your IRA beneficiary can result in *significantly increased value* to your beneficiary over time (known as a "stretch IRA"). A properly designed and drafted *IRA Retirement Trust* provides a level of asset protection and wealth-building that cannot be achieved otherwise.

9. Trustee Guidelines.

Do the trusts contained in your will or living trust include *guidelines for your trustee* regarding how to distribute assets to your beneficiaries over time? Your trustee needs as much direction as possible to help him or her interpret the standards of distribution that reflect your goals and concerns for your beneficiaries after you're gone.

10. Estate Tax Planning.

If you have a larger, taxable estate, have you augmented your estate plan to include *estate tax planning strategies* available to you to reduce or eliminate the substantial toll estate taxes could take before your estate passes to your beneficiaries?

This Checklist could be much longer, addressing many topics not covered here. If you (or your client) have answered "no" to one or more of these points that are relevant to you, you need to take notice. Estate planning means heading off complications and entirely avoidable problems that

could seriously undermine your estate planning goals. *We're here to help.* ■

A Story About True Love



When Dan found out he was going to inherit a fortune when his sickly father died, he decided he needed a woman to enjoy it with. So, one evening he went to a singles bar where he spotted the most beautiful woman he had ever seen. Her natural beauty took his breath away. "I may look like just an ordinary man," he said as he walked up to her, "but in just a few years, my father will die, and I'll inherit 20 million dollars."

Impressed, the woman went home with him and, three days later, she became his stepmother.

Women are so much better at estate planning than men.



Christmas Thoughts



A Christmas candle is a lovely thing;

**It makes no noise at all,
But softly gives itself away.**

—Eva Logue

Oh, for the good old days when people would stop Christmas shopping when they ran out of money.

—Unknown

There's nothing sadder in this world than to wake Christmas morning and not be a child.

—Erma Bombeck

Once again, we come to the Holiday Season, a deeply religious time that each of us observes, in his own way, by going to the mall of his choice.

—Unknown

Christmas is the season when you buy this year's gifts with next year's money.

—Unknown