

Price & Farrington's Estate and Tax Planning Fast Faxes

February, 2003

Estate, Tax and Wealth Planning for Advisors and Clients

Price & Farrington, PLLC

Attorneys and Counselors at Law

12501 Bel-Red Road, Suite 215

Bellevue, Washington 98005

425-451-3583

Email: pricefarr@aol.com

“Trust-in-a-Box”: The Perils of Foolish Frugality

Here are some thoughts that I'm sure have crossed your mind in the course of your professional practice....

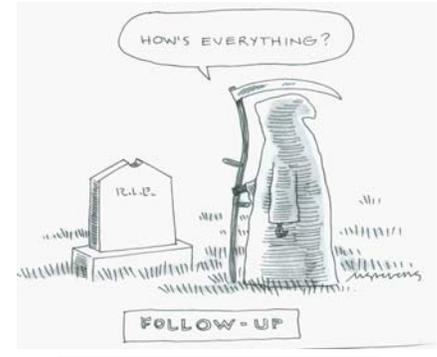
These days professional advisors aren't just competing with each other. An increasing source of serious competition for many of us is the siren song of the “do-it-

yourself software in a box” marketed to the general public. When the lawyers in our firm give seminars, or during prospective client consultations, we don't mind when the issue comes up because it allows us to make some great points about what we think estate planning is — and what it isn't — all about.

Trust-in-a-box. One of the biggest laughs I get during my public seminars is when someone asks me why they shouldn't just do what I refer to as a “trust-in-a-box“. I respond: “Go ahead, buy the program at Costco for \$29.99, ‘create’ your trust, and print it out at home. Find a couple of witnesses and a notary. Sign all of the documents. Let's say you are in a serious accident a week later, or maybe even die. Then your (obviously very frugal) spouse can start up the trust-in-a-box software, peer into the computer screen and ask it what needs to be done. If your spouse doesn't get an answer there, she can drive on down to Costco and ask a warehouse clerk what she should do next.” Everyone in the audience gets the point.

Too late. I then offer this opinion: you don't want your wife, or husband, or children feverishly flipping through the yellow pages the day after you become incapacitated or die, looking for a local lawyer they've never met who will invariably tell them their frugality is actually going to be extremely expensive in taxes, fees, time and anxiety. Of course, bottom line, no one will know if you made a mistake in your trust-in-a-box “planning” until after you're dead. And then it's just a bit too late. The result will be a messed up estate plan, bought for a song because you were too cheap to hire competent legal help to provide you with counseling and guidance on issues of critical importance to you and your family. How's *that* for a lasting legacy?

Brain surgery and boiler-plate. The



only reason to do a trust-in-a-box is to save money. But there are times when saving money on professional fees is dangerously self-defeating, especially when one of the long-term goals is *saving money*. Estate planning is one of those times. Someone once said “Hobbies are fine, but brain surgery and practicing law shouldn't be among them.”

Estate planning isn't just about churning our boilerplate legal documents. It's really about having a support team of advisors that you have come to trust for their experience, expertise and interest in helping you achieve your goals. This should include a lawyer who you know and have come to rely upon as a trusted family advisor, who has helped you design and implement a plan that is right for you, and who will be there to support your spouse and your children.

What do I do now? When I get that sad call (the most recent one was a month ago) on Monday morning from a client who tearfully tells me “Frank died over the weekend — he had a heart attack — he's gone — I can't believe its true — what do I do now?” It's at that time that we experience the real fulfillment of helping our clients with their estate planning. She is comforted to know that she and Frank planned together for this time, and that she can come to us, the professionals to whom they entrusted their

Estate, Tax, Business and Asset
Protection Planning provided by
Price & Farrington, PLLC
Attorneys and Counselors at Law
www.estateplanning.com/pricefarr

Almost 4 years of FastFaxes are available! They make helpful handouts for your clients. Below is a sampling. Contact us for copies of these or other topics of interest...

- Oct. '99 -10 Most Common Life Insurance Mistakes
- Nov. '99 -10 Most Common Estate Planning Mistakes
- Mar. '00 -Gifting Stock Options
- Apr. '00 -Private Annuities
- May '00 -Family Limited Partnerships
- Jul. '00 -Dynasty Trusts
- Aug. '00 -Gifting to Minors
- Nov. '00 -Income in Respect of a Decedent
- Dec. '00 -Donor Advised Funds
- Mar. '01 -10 Terrible Things That Can Happen Without Wills or Living Trust
- Jul. '01 -29 Non-Tax Reasons To Do Your Estate Planning
- Aug. '01 -When to Turn to a Pro for Financial Help
- Sept. '01 -Trusts Made Easy
- Nov. '01 -412(i) Plans
- Jan. '02 -Titling Assets in Joint Tenancy
- Feb. '02 -Community Property
- Mar. '02 -Abusive Trusts
- Apr. '02 -Pitfalls of Custodial Accounts
- Jul. '02 -Rediscovering Defined Benefit Plans
- Aug. '02 -29 Questions to Ask if You Own a Business
- Sept. '02 -Asset Protection Trusts

planning, for sound advice and guidance. It sure beats being forced by their foolish frugality and misplaced “self-reliance” to hire a lawyer the survivor has never met before, or worse yet, having to go back to Costco for more legal advice.

I make it clear to everyone that I think a trust-in-a-box is a very bad idea. I don't think you can get any more honest or real with someone than when you're sharing actual experiences you have had advising a surviving spouse or children after the death of a loved one. The trust-in-a-box does nothing to provide post-death support for your loved ones. In fact, it prevents that support system from ever being in place, because, after all “Who needs a lawyer if I can get this done myself for \$29.99?”

Priorities. Saving money wisely is always a worthy goal. When I sense that payment of legal fees for proper planning might be a tender issue, I usually ask the couple (or individual) for a quick inventory of the contents of their family room and garage. Their new big screen TV likely cost more than my estate planning fees. The sales tax and registration fees on that new SUV are far more than what they will spend on my fees. And what about that expensive one week vacation last year to Disney World? Yet, all their children deserve is a \$29.99 trust-in-a-box? What exactly *are* the priorities here when it comes to saving money?

Does it ever cease to amaze you that people try to cut corners to save money where it counts the most—with their loved ones? Folks will spend hours researching a home computer system and make sure they update it regularly

The attorneys and staff at Price & Farrington wish you – our colleagues, clients and friends – successful relationships which lead to meaningful planning. Please let us know how we may be of continued service to you.



Our new website, www.pricefarrington.com, contains a host of helpful information about our practice, our areas of expertise, and estate and tax planning in general.

so that they have the latest and greatest and fastest system available. Ask your clients what kind of computer they use. Ask them why they don't still have their 486 or Pentium II. Inevitably they'll say that it's too slow, or outdated, or there's something better out there.

Then ask them why they haven't upgraded their estate plan since 1982, or, even worse, don't have one at all. Or why they want to cut corners on their family's well-being and security. Or why the purchase of that new set of living room curtains or the new sound system or the oversized hot tub take priority over the family's security.

The most important thing. When I ask folks to tell me what is the most important thing in their lives, you probably know what they invariably answer. They look at each other, point to each other, and say, “my spouse and my kids.” It's that mindset that so often makes working with estate planning clients so worthwhile. But does their follow-through confirm or belie what they say they believe? OK, if they feel their family is truly worth only \$29.99, let 'em go do it. And be sure to ask them what they would do if their loved one needed surgery. Would they go to the discount “Docs Are Us” or take a stab at performing the surgery themselves? Not Likely.

Educated believers. The conscientious estate planning attorney — along with the other professionals on the team: insurance advisor, investment counselor and accountant — shifts the paradigm from a documents approach to a life planning approach. From an obsession with tax savings to an appreciation of achieving many

goals through meaningful planning. Over the years I've had (thankfully) only a few folks leave my office after spending a couple of hours explaining to them what real planning is and how it will benefit them and their loved ones. For most people, it's simply an educational process. They don't know how complex estate planning is and what can go wrong if they don't take the time, make the effort and pay a reasonable fee to plan well. Educate them, and they will become believers, ready to invest in a planning experience that will work for them throughout their entire lives and after they depart — exactly the times when they need it to work.

As always, let us know how we can help you and your clients accomplish the most important goals through proper planning.

Glen D. Price

