

Estate Planning

Fast Faxes

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Estate, Tax and Family Wealth Preservation Planning For Advisors

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THE TEN MOST COMMON ESTATE PLANNING MISTAKES



Happy Thanksgiving From Us to You!

Here are ten areas of common and *serious* mistakes your clients can easily solve with the assistance of their professional team. Have you -or your clients- made one or more of these mistakes? If you haven't checked, how do you know?

Mistake 1: Improper Use of Jointly Held Property. The "poor man's will" becomes a poor will for an otherwise good man or woman, resulting in a nightmare of unexpected tax and nontax problems, including: (a) Potential gift taxes; (b) Possible double federal estate taxes through failure to fund a bypass trust; (c) Survivorship rights nullify the decedent's will; (d) The surviving joint tenant's control of the asset can trump the decedent's intentions, a disaster in a second marriage and other situations.

Mistake 2: Improperly Arranged Life Insurance. Pitfalls: (a) Proceeds to the wrong beneficiary in the wrong way at the wrong time; (b) Inadequate insurance on the breadwinner or "key man"; (c) No contingent beneficiary named; (d) Taxable death proceeds; (e) Unexpected gift tax liability; (f) An unnecessary probate; (g) The beneficiary losing its income tax-free status.

Mistake No. 3. Lack of Liquidity. Will the executor have enough cash to avoid a "fire sale" to pay off debts, taxes, fees, costs, specific bequests or other obligations?

Mistake No. 4: Choice of the Wrong Executor. Problems arise from incompetence,

conflict-of-interest, bad blood or a lack of time or interest.

Mistake No. 5: Will Errors. Pitfalls: (a) Intestacy; (b) Out of date; (c) Out of state; (d) Inconsistency between the will and beneficiary designations.

Mistake No. 6: Leaving Everything to Spouse. A tax and control disaster!

Mistake No. 7: Improper Disposition of Assets. (See Nos. 1,2,5, and 6). Results in: (a) The wrong beneficiary in the wrong way at the wrong time; (b) No trust planning for minors, spend-thrifts, special-needs or creditor protection; (c) "Equal but inequitable" distributions; (d) No contingent or common disaster beneficiaries.

Mistake No. 8: Failure to Stabilize and Maximize Value. Neglecting to create: (a) Economic "shock absorbers" for a family business; (b) "Key man" planning; (c) Buy-sells; (d) Wills; (e) Trusts; (f) Life insurance; (g) IRA's; (h) Contingent beneficiaries.

Mistake No. 9: Lack of Adequate Records. Estate and financial documents that are hard to find, disorganized or incomplete will drive the executor crazy and add thousands of dollars in costs.

Mistake No. 10: Lack of a Master Strategy Game Plan. Your clients should avoid "do it yourself" planning. The stakes are too high. Help them



"...and since my family always thought I had money to burn, I had it cremated with me."

You can help them plan effectively for the "big picture" with the right team of attorney, CPA, life insurance agent, investment advisor and trust officer to define, coordinate and achieve their goals.

Would you like a free copy of a great 10 page brochure which expands on this month's topic? Contact our office for your copy of:

"THE TEN MOST COMMON ESTATE PLANNING MISTAKES AND HOW TO AVOID THEM."

Services Provided by
Price & Farrington
Attorneys and Counselors at Law

- ☞ Revocable Living Trusts
- ☞ Wills & Community Property Agreements
- ☞ Probate Representation
- ☞ Estate Tax Planning
- ☞ Irrevocable Trusts
- ☞ Charitable Trust Planning
- ☞ Asset Protection Planning
- ☞ Family Limited Partnerships
- ☞ Limited Liability Companies
- ☞ Disability Protection Planning

Is Yours an Estate of Disrepair?

Your Name: _____
Born: ___/___/___
Died: ___/___/___
Planned for loved ones Yes No
Got socked by the taxman Yes No
Saw Price & Farrington Yes No

How will you check out?

Price & Farrington

AN ESTATE PLANNING LAW PRACTICE

425-451-3583

www.estateplanning.com/pricefarr

Log onto our Estate Planning Learning Center web site at:
www.estateplanning.com/pricefarr.

A quote for November:

"Time is too slow for those who wait, too swift for those who fear, too long for those who grieve, too short for those who rejoice, but for those who love, time is eternity."