



ESTATE PLANNING

Estate planning involves the preparation of legal documentation designed to provide for the efficient management and disposition of one's assets in the event of incapacity or death. The process begins with determining the nature and value of one's resources, with particular attention to ownership of those assets, and considers the options for minimizing or eliminating multiple forms of taxation on the transfer of those assets. It is a process that continues with the inevitable changes in one's family and financial circumstances.

ESSENTIAL ESTATE PLANNING

No matter the value of the estate, every individual should have a current estate plan in place. Although one's estate may not be subject to estate tax, it is essential to have a basic complement of documents, whether the primary issue concerns dividing assets fairly, appointing an executor, naming guardians for minor children, planning for avoidance of probate, or all of the above. The key to security in addressing these priorities is the proper legal framework. In the basic estate plan, that framework is built around a Last Will and Testament, a Power of Attorney for financial matters and an Advance Medical Directive for health care decisions.

ADVANCED ESTATE PLANNING

The concerns which motivate a person to implement an estate plan are just the starting point, since the planning process often brings out the more complex issues which require evaluation and decision. Advanced estate planning involves more sophisticated estate and tax planning techniques, such as asset protection strategies, dynasty trusts for multiple generations, new entity formation, and intergenerational and charitable planned giving alternatives. These techniques call for customized provisions for revocable and irrevocable trust instruments, one or more of which are combined to create a comprehensive estate plan designed to ensure wealth preservation for generations to come.

PLANNING FOR BUSINESS OWNERS

The three leading causes of failure of inherited family-owned businesses are the failure of the deceased owner to establish an adequate estate plan, arrange for transition of control of the enterprise to the next generation, or provide the necessary funds for the purchase of business interests and the payment of estate taxes. However, strategies and solutions are available to business owners, including traditional estate planning tools, buy-sell agreements, change of entity types, and creative financial arrangements for the family (including retirement plans, business purchase in-

surance, and estate tax funding), one or more of which can be used to set the stage for a successful business succession.

PLANNING FOR RETIREMENT ACCOUNTS

The rules governing the taxation of qualified and non-qualified retirement accounts are decidedly complex. Accordingly, decisions by owners and beneficiaries alike to establish new beneficiary designations, to take required minimum distributions, to establish a roll-over IRA, or to “stretch” IRA withdrawals over a lifetime should be made only after consultation with an experienced tax advisor. In the context of planning one’s estate with significant retirement accounts, clients are advised regarding the income and estate tax consequences of the designation of primary and contingent beneficiaries, and some well-informed clients choose to implement a combination of specially-designed trusts and customized beneficiary designations designed for maximum control and flexibility.

PLANNING FOR BLENDED FAMILIES

“Blended families” are families in which multiple family groups can be identified as heirs to a husband and wife, typically in a second or later marriage. While many facets of blended family life are similar to the traditional nuclear family, the potential for legal and emotional complications in the context of the estate planning process is significantly greater. The appointment of executors and trustees, as well as the provisions for distributions among one’s surviving spouse and one’s children not of that marriage, can present significant challenges due to potential for conflicting interests and loss of control. Experienced estate planning counsel can recommend solutions to these sources of conflict and draft the legal instruments necessary to create a structure for the long-term security and protection of the interests of all members of the blended family.