

***Estate Planning  
for Financial Planners***

**Chapter 14:  
Basic Estate Plan**

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***Process*** (1 of 2)

1. Establish the client/planner relationship
2. Gather client information, including the client's current financial statements, and establish the client's transfer objectives, including family and charitable objectives

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***Process*** (2 of 2)

3. Determine the client's financial status
4. Develop a comprehensive plan of transfers consistent with all information and objectives
5. Implement the estate plan
6. Review the estate plan periodically and update the plan as necessary (especially for changes in family situations)

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***Determine the Client's Financial Status***

- ▶ Define problem areas
  - Examples include:
    - Liquidity issues
    - Potential excessive taxes or costs
    - Other situational needs
- ▶ Estimate the value of the estate and liquidity needs now and at five year intervals
- ▶ Make realistic judgments regarding feasibility of meeting the client's objectives

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***Develop a Comprehensive Plan***  
*(1 of 8)*

1. Identify the potential inheriting parties in terms of assets, competence, and relation to the transferor
2. Identify all property interests in terms of value and property ownership type
  - Identify any existing beneficiary designations
  - Identify joint property owners and percentage of contribution to original purchase price of property
  - Verify how life insurance is owned

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***Develop a Comprehensive Plan***  
*(1 of 8)*

3. Have all documents prepared - will, durable power of attorney for health care, and advance medical directives
  - Identify legatees
  - Identify property transferring to trusts
4. Review any inter vivos trusts
  - Identify property transferring to a trust or from a trust and its beneficiaries
5. Verify use of the applicable estate tax credit

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## ***Develop a Comprehensive Plan*** *(1 of 3)*

6. Optimize use of the unlimited marital deduction
7. Select use of the unlimited charitable deduction

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## ***Develop a Comprehensive Plan*** *(1 of 3)*

- ▶ Spousal Considerations
  - Income needs of surviving spouse
  - Optimizing the Marital Deduction?
    - Outright
    - QTIP
    - POA Trust
  - Noncitizen Spouses
    - QDOTs

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## ***Develop a Comprehensive Plan*** *(5 of 8)*

- ▶ Children/Grandchildren Considerations
  - Needs of children
  - Minor children?
  - Children from a previous marriage?
- ▶ Devices
  - Gifting program - \$13,000 for 2009
  - Qualified transfers
  - Reverse QTIPs for grandchildren

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***Develop a Comprehensive Plan***  
*(6 of 8)*

- ▶ Trust Considerations
  - POA
  - Bypass
  - QTIP
  - ILITS
  - Others

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***Develop a Comprehensive Plan***  
*(7 of 8)*

- ▶ Applicable Estate Tax Credit Considerations
  - Full use of credit
    - Outright?
    - Bypass trust?

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***Develop a Comprehensive Plan***  
*(8 of 8)*

- ▶ Charitable Deduction Considerations
  - Outright?
  - Trusts?
  - Which assets?

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## ***Implement the Estate Plan***

- ▶ Present the plan to the client
  - Ensure they understand and agree
- ▶ Execute the plans
  - Have documents drafted
  - Trusts created and funded if necessary
  - Purchase life insurance
  - Etc.

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## ***Review Periodically and Update***

- ▶ Review the plan when there has been a change in the family situation
  - Death
  - Marriage
  - Birth/Adoption
- ▶ Or at least every 5 years

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## ***Estate Plan Checklist***

- ▶ An estate planning checklist is provided in the text
  - Exhibit 14.3, page 514-515

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## *Comprehensive Case*

- ▶ Work the comprehensive case
  - Page 517

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