

Should you consider a trust?

Planning for taxes is just one of many important considerations when reviewing long-range financial plans. Another concern may be the inability of one or more heirs to manage property left to them due to age, incapacity, or other factors.

To address these concerns, trusts—whether created during lifetime or at death—are one of the oldest and most widely used estate planning tools.

For example, a carefully drafted trust can help safeguard assets left to minors until they reach maturity. A trust may also be used to provide for management of property for a loved one who needs assistance with his or her financial affairs for health or other reasons.

You can also use wills, trusts, and other estate planning tools to arrange for special gifts to benefit your charitable interests only after your needs and those of your loved ones have been met.

Other planning options

In addition to well-drafted wills and trusts, leaving property to others through retirement plans, life insurance and other estate planning techniques can help reduce or eliminate any taxes that may still be due while also minimizing possible expense and delays in the probate and estate settlement process.

Changes in income and estate tax laws may make charitable gifts from retirement plans more attractive than ever. Check with us or your advisors for the latest information.

Act now

Experience the peace of mind that can come from taking control of the future in ways that benefit you, your loved ones and your charitable interests.

Your attorney and other advisors can assist you in assuring that your plans fully incorporate new opportunities. As always, we will be pleased to assist you as you consider the charitable dimension of your plans.

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The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMXI RFSCO, Inc. All Rights Reserved. 1416BR-11



Has
Congress
Changed Your Will?

While other documents can be central to long-range planning, the will is considered by many to be the foundation of an effective estate plan.

A will is only effective, however, if it accurately reflects your current desires concerning the future management and distribution of your property.

Changes in asset values, the makeup of your family, tax laws, and other factors can all affect your plans.

For instance, many may be surprised to learn that actions recently taken by Congress may have, in effect, changed their will and other estate plans.

How can Congress change your plans?

In terms of the actual documents, Congress, of course, cannot change your will and other estate plans. But when you consider the influence tax law changes and other factors can have on your plans, the impact of state and federal legislation can indeed be substantial.

Have estate taxes been repealed?

Recent changes in federal laws have resulted in reductions in federal estate and gift taxes for many.

By raising the level at which these taxes apply and lowering the maximum tax rate, Congress has reduced the burden of these

taxes to a point where the estates of most Americans will no longer be subject to federal tax.

As always, tax laws may change in future years, but it appears it may be wise for many to plan in accordance with the law as it stands today.

Don't forget state taxes

In addition to federal taxes, many states impose separate estate and gift taxes that can affect much smaller estates.

Check with your advisors for current state tax rates and how they may affect your plans.

Special rules for spouses remain

Federal law has long allowed for unlimited gifts to a spouse during lifetime or at death without payment of federal estate or gift taxes. This provision, known as the unlimited marital deduction, remains unchanged.

At the death of the surviving spouse, however, taxes may be due on his or her estate depending on its value and the tax laws in effect at the time.

To help in this case, the new law provides that if one spouse does not use his or her entire exemption amount to reduce tax on his or her estate, any remaining amount may be used at the death of the surviving spouse.

More freedom to plan

You may discover that you now enjoy more flexibility in your planning than in the past. If your current plans were largely designed to minimize taxes that may no longer apply, it could be time to reconsider those plans.

With lower estate taxes you may, for example, wish to revise your will and other estate plans to increase gifts to relatives, friends and others, including your charitable interests.

You could find you can increase charitable gifts made through your estate while your heirs actually receive the same amount or more than they would have under prior law.

It might also be advantageous to explore how to make gifts today in ways that result in immediate tax savings, increased income and other benefits—using funds that in the past could have been consumed by estate taxes.

Making lifetime gifts

For planning purposes it is important to be aware that the amount exempted from federal tax is now the same for transfers made during lifetime as it is for gifts made through one's estate. This is an important change from prior law that placed lower limits on amounts given to heirs during lifetime.