Vitt Law Offices, PLC

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The Value of Your Treasures

Some Things Have "No" Value—Yet They're Priceless

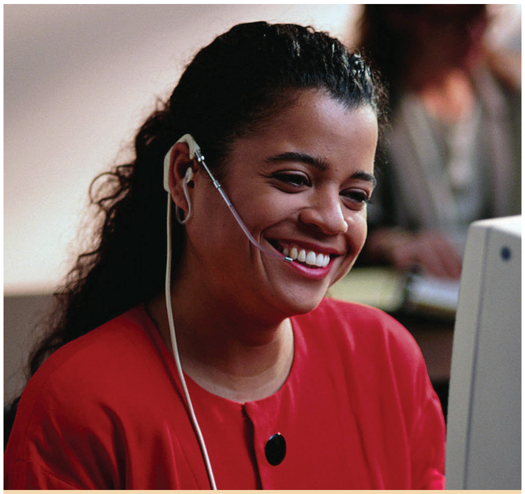
Although we all know that *the best things in life aren't things,* there is a value that is often difficult to put on some of the *things* we still treasure. Take a look around your living room. How much are some of your things worth? The 1939 Steinway Baby Grand, valued at $30,000? The couch and end tables, valued at $4,500? The 95 hardcover books, valued at $15 each? Or the black and white photo of dad at 6 months of age? The frame is only valued at $5, but the photo is priceless.

Hopefully you won't face a disaster, but everyone should create a plan to protect their heirlooms and distribute them when the time is right. Protecting your heirlooms takes time, but it is time well spent. For example, if you have precious photos—and aren't all photos precious?—make copies or scan them, and keep those copies in a safe place.

If you have a necklace passed on by your grandmother that you seldom wear, consider storing it in a safe deposit box. In short, take a few moments to consider how you would feel if you lost your precious items… and then take steps to safeguard them.

Consider who will receive your personal possessions when you're gone. First, think about the items your children are most likely to quarrel over and determine how they will be distributed. You might bequeath the piano to the child who played it or give your grandmother's necklace to your oldest daughter. Be fair, consider your children's feelings, and put your plans in writing in a Legacy Planning Letter.

When you're done, clearly communicate your decisions with everyone concerned. This way everyone will understand your wishes and future disputes will be much less likely to occur. ■



There's Nobody Home

Using the Do Not Call Registry

Tired of telemarketers? The *National Do Not Call Registry* lets you choose whether to receive telemarketing calls at home—*and* on your cell phone. Most telemarketers should not call your number once it has been listed on the registry for 31 days. To stop these annoying calls, simply register your phone numbers at www.donotcall.gov.

Keep in mind, calls from political organizations, charities, and telephone surveyors are still permitted. So are calls from companies with which you have an existing business relationship (like your bank), or those to whom you've expressed agreement in writing to receive their calls. To end their calls, simply ask them to remove you from their list.

If a telemarketer calls once you're registered, you can file a complaint at the same website. You'll need either the name of the caller or his or her phone number and the date he or she called.

For more information, browse on the web to www.donotcall.gov or call 1-888-382-1222.

What Is Probate—and Should You Care About It?

Unlike Death and Taxes, Probate *Can* Be Avoided

Probate is the process by which legal title of property is transferred from a decedent's estate to his or her beneficiaries. Probate can be time-consuming, depending on the state in which the assets are subject to probate. Typically assets are subject to probate in the state of residence of the decedent. However, real estate is subject to probate in whatever state it is located—so there may be two or more probate processes involved. Probate fees can vary substantially from state to state or even within a state. Some states calculate fees based on "reasonable compensation," while others are based on a flat percentage of the total value of the estate.

Because probate changes the title from your name to that of your heirs', probate is guaranteed if you have only a Will or have no estate plan. The probate court appoints a person to receive all claims against the estate, pay creditors, and distribute remaining property in accordance with state law. If you have a Will, your estate is distributed in accordance with the instructions in your Will.

With effective Legacy Wealth Planning, your heirs can avoid the time and expense sometimes associated with probate. Legacy Wealth Planning is the creation of a definite plan for managing your wealth while you're alive *and* for distributing your estate after your death.

By creating a Family Wealth Trust to control all of your assets, both during your life and after your death, probate can be avoided. Simply transfer the title of assets to the Trust, then name yourself as the trustee and beneficiary. You maintain complete control of all your assets and you can buy, sell, trade… just like you currently do.

Then when you die there are no assets in your name and no probate for your beneficiaries.

Your legacy also includes items of sentimental value and even your family values. A Legacy Planning Letter covers the distribution of these types of personal items.

A complete Legacy Wealth Plan lets you avoid probate and ensure your assets, family heirlooms, and values are passed on to your heirs.

Home $weet Home

"There's no place like home. There's no place like home."
—L. Frank Baum, said by Dorothy, in The Wizard of Oz

Your home is the focus of your family, where you feel safe and warm and connected to each other. But your home has tangible value as well. Homes have historically served as good financial investments, rising steadily in value over the last decades. Plus, you can take advantage of important attributes from a tax, estate planning, and asset protection perspective.

Here are some ways your home can take care of *you*—at least from a financial point of view:

- **Tax-Free Gains:** Gain on the sale of your home is tax-free up to $250,000 ($500,000 if married filing a joint return) as long as you have lived in the house for at least two years. For example, if you are single and paid $200,000 for your home and you sell it for $450,000, you will not pay income tax on the increase in value.

- **Asset Protection:** In some states, such as Florida and Texas, your home is completely exempt from attachment in a bankruptcy proceeding, and you cannot be forced to give it up. In other states, some of the equity in the home can be shielded from creditors. In states recognizing "tenancy by the entirety" ownership between spouses, a creditor of one spouse cannot force a sale of the home to pay off the debt. In California, a debt incurred to purchase a home is "non-recourse debt," and cannot be collected from other assets in the event of default.

- **Education:** Your home is not considered when determining financial aid needs at most educational institutions.

- **Medicaid:** Your home is not considered an available resource when determining eligibility for Medicaid benefits, up to $500,000 in value ($750,000 in some states). However, without proper planning, the state may be able to recover against the home after death.

- **Qualified Personal Residence Trust (QPRT):** Your home can enable you to take advantage of an advanced estate planning tool called a QPRT. With a QPRT, you can make a gift of an interest in the home to your children, and if your home increases in value faster than the rate assumed by the IRS, the additional growth is not taxable. All the while, you can continue to live in the home.

Your home can be the focus of your family life and provide a number of financial benefits. Make sure you call our office if you have questions about making the most of your home during your lifetime *and* after you are gone. ■

What's In a Legacy?

Many of us consider our legacy in terms of financial or career accomplishments, but we all leave something more important behind.

Can you guess the name of the woman who left this legacy?

- She was an entrepreneur, turning a $41,000 investment into a $150 million communications company

- She traveled through the south to promote the Civil Rights Act, at one point giving 45 speeches over five days

- She was known for the beautification of our highways and natural resource conservation before it was a popular focus

- This woman was a recipient of the Presidential Medal of Freedom and Congressional Gold Medal, the highest civilian honors

Lady Bird Johnson was arguably one of the most influential First Ladies in our country's history.

We all leave our footprints... Talking with your family members about the legacy you're leaving them is part of having a successful estate plan and close family relationship. ■

Uninsured in America

The Statistics are Surprising

When the U.S. Census Bureau reported in 2006 that 47 million Americans did not have health insurance, few were surprised. Premiums continue to rise about 7% per year, more than double the increase in workers' wages and the rate of inflation. Health insurance is becoming increasingly unaffordable for many, and businesses continue to drop coverage because they think it is too expensive to provide.

Still, many people assume the majority of those who are uninsured are the unemployed, illegal immigrants, or welfare recipients.

Those assumptions are wrong. 78% of the uninsured are employed. 80% are U.S. citizens. Only 18% receive health care at a reduced rate due to government subsidy.

Even retirees with coverage are at risk. In 1988, two-thirds of large companies offered retiree insurance. By 2005, that percentage had fallen to approximately one-third.

But, there is hope. Encouraging activities are already underway in states like Massachusetts, California, Vermont, and Maine. Strategies include expanding existing programs to cover low-income adults; creating an insurance pool for small businesses and the self-employed, with premium assistance for low-wage earners; and requiring employers to either provide health benefits or contribute to a fund to finance coverage.

At the national level, proposals include:

- Legislate to match state funding for coverage of low-income adults up to one-and-a-half times the federal poverty threshold
- Allow small businesses and uninsured people to purchase coverage through the Federal Employee Health Benefits Program
- Extend the Medicare program to uninsured adults age 55 to 64 and eliminate the two-year wait before disabled people are eligible

To Have or Not to Have?

Credit Cards Can Offer Many Advantages

Most of us have at least one credit card. (Some of us have, well, more than we really need.) Whether you currently have a credit card or not, there are two main advantages to credit cards you should not overlook:

- Safety: Carrying a lot of cash isn't safe. Credit card transactions can be tracked. Most cards offer protection against purchases made if your card is stolen.
- Emergencies: If you're traveling or need cash immediately, your card can save the day.

Just as important are discounts and perks. Nearly half of all credit card offers have some sort of reward component, according to Mintels Comperemedia. Offers include miles toward airline tickets, discounts at retailers, and cash. Plus, approximately 80% of rewards cards require no annual fee.

But there is a catch: Rewards cards tend to carry a high annual percentage rate. The typical rewards card rate is about four points higher than the average credit card rate, according to CardWeb.com.

So, sign up for a rewards card only if you plan to pay off the balance each month. Otherwise the rewards of the card may be outweighed by the higher interest rate. If you sign up for more than two rewards cards it may keep you from earning substantial rewards because with some cards you need to spend a lot before the full rewards kick in. Remember, opening too many credit card accounts could damage your credit rating.

Take the time to find the card with the rewards you'll enjoy most—but make sure you pay off your balance every month!

Winning Recipe

Two-Cheese Pizza

½ C whole-wheat flour for working surface
1 can (10oz) refrigerated pizza crust
2 T olive oil
½ C low-fat ricotta cheese
½ t dried basil
1 small onion, minced
2 cloves garlic, minced
¼ t salt (optional)
4 oz shredded part-skim mozzarella cheese
2 C chopped mushrooms
1 large red pepper, cut into strips

- Preheat oven to 425°F
- Spread whole-wheat flour over working surface. Roll out dough with a rolling pin to desired crust thickness.
- Coat cookie sheet with cooking spray. Transfer pizza crust to cookie sheet. Brush olive oil over crust.
- Mix ricotta cheese with dried basil, onion, garlic, and salt; spread this mixture over crust.
- Sprinkle crust with mozzarella cheese. Top cheese with mushrooms and red pepper.
- Bake for 13 to 15 minutes until cheese melts and crust is deep golden brown.
- Cut into 8 slices.

Yield:
4 servings
Serving size:
2 slices

Each serving provides:
Calories: 351
Carbohydrates: 34 g
Protein: 18 g
Fat: 16g

Have a great recipe to share with everyone? Have it featured in our next newsletter by emailing it to **dana@vittlaw.com.**

For Best Results, Exercise Early

You may be surprised, but *when* you exercise is important. A study conducted by the Southwest Health Institute showed that 75% of morning exercisers stick with their programs a year later, as opposed to 50% who exercise at midday and only 25% who exercise in the evening. The reason is simple: As the day goes on, it's easier and easier to think of excuses to not work out.

Here are some other advantages to a morning workout:

- Makes you feel great all day by releasing mood-enhancing endorphins
- Energizes you and creates an active start to your day
- May help regulate your appetite for the rest of the day
- Adjusts your body's circadian rhythm to your morning routine, making it easier to wake up at the same time every day
- Increases your metabolic rate for hours after the session is over

Warming up thoroughly is critical, especially if you work out early in the morning. Walk slowly and stretch for at least five minutes. A good warm-up increases the benefits of exercise and reduces your risk of injury. Then cool down with more stretching and slow walking when you finish exercising to decrease the risk of blood-pooling in your veins and the possibility of dizziness or fainting.

Talk to your doctor before you start any exercise program—and work out early and often!

James M. Vitt
Vitt Law Offices, PLC
880-A Rio East Court
Charlottesville, Virginia 22901

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What to Do If Your Car Breaks Down

You are driving down the highway when suddenly you have car trouble. Gently take your foot off the accelerator. Do not brake hard or suddenly. Carefully ease your vehicle toward the shoulder. Use your signals, and if you need to change lanes, watch your mirrors and the traffic around you closely.

Once you're off the road, make your car visible. Use your hazard warning lights or "emergency flashers." If it's dark, turn on your interior dome light.

If you have a flat tire, be sure you can change it safely without being close to traffic, and consider your health. Your safety and well-being are more important than any other concern.

If you need help, don't try to flag down other cars. Raise the hood and tie something white to the antenna or out a window so police or tow truck operators will know you need help. Don't stay in or near your car, and stand away from the vehicle while you wait for help. However, always evaluate each situation for safety reasons (weather, location, etc.).

Use your cell phone to call for help, or if someone stops, ask them to call the police for you. Consider buying road-side assistance coverage such as AAA.

Be prepared. Keep water and a first aid kit in your car and pack a few blankets in the wintertime. If you need to drive in extreme conditions, make sure the trip is absolutely necessary. ■

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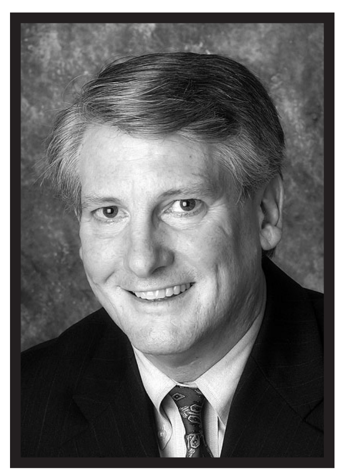

Your Estate Matters comes to you compliments of Vitt Law Offices, PLC.

James M. Vitt, founder and a member of the firm, dedicates his legal practice to estate planning, elder law and related matters. He is a member of the American Academy of Estate Planning Attorneys, a national organization committed to providing consumers with information they need to make wise estate planning choices.

For a free copy of the publication *Where There's a Will, There's Probate,* call **434-971-3025,** or visit our website at **www.vittlaw.com.** ■