17.1

Vitt Law Offices, PLC

yourestatematters®

Is Your (Document) House in Order?

Spare Your Loved Ones Financial Pain and Suffering

A current estate plan is a wonderful starting point for the legacy you pass on to your beneficiaries. So is a well-prepared and organized set of documents that ensures your loved ones do not have to untangle your financial and legal affairs.

Here are the documents everyone should have in place before they die:

Marriage: Marriage license; divorce decree; separation agreement

Health Care: Health Care Power of Attorney; HIPAA Authorization; Living Will; medical history

Retirement and Insurance: IRAs; 401(k)s; pensions; annuities; life, auto, home, liability, and disability insurance policies

Financial: Bank accounts; investment accounts; safe deposit boxes; list of usernames and passwords

Ownership and Taxes: Property deeds; mortgages; personal property titles (auto, boat, etc.); tax returns; partnership and business ownership agreements

Estate Planning: Wills and/or Trusts; Financial Power of Attorney; estate planning letter; legacy documents

Other: Usernames and passwords for online services, social media, and email accounts

Once you have your documents organized, store them in a safe deposit box or other secure location, and make sure your agent or a trusted friend or relative knows how to access them. This will ensure that your loved ones can mourn your passing without the added stress of sorting out a messy estate. ■

insidethisissue

The Estate Planning Conversation

Make Estate Planning a Family Affair

We can help you create the perfect estate plan, but, if the provisions or details of your plan come as a surprise to your loved ones, your heirs can still end up in conflict, and your estate could be in dispute. Even if your intentions are simple and straightforward, discussing the details with heirs and family members allows you to deal with any disagreements or arguments before you pass away.

Sadly, many people choose not to have this conversation despite the potential consequences. Studies show that less than one-third of people who pass away discuss their estate plans with their children, and, as a result, many families quarrel over inheritance issues. On the flip side, a majority of families who reported no disputes over inheritance issues say they had advance notice of what to expect when their loved one died, and therefore most felt that they were treated fairly.

Estate planning is based on legal and financial planning, but communication lies at the heart of the process. If, for instance, you plan to leave most of your assets to one child instead of splitting them evenly between all your children, let everyone involved know the reasoning behind your decision. Resentment can easily boil over into open conflict when one heir is surprised by what he or she perceives as unfair treatment. Talk to your parents about their plan; talk to your children about your plan; talk to your children about their plans—and talk to us to make sure what you intend to happen does happen.

If you make your intentions clear during your lifetime, you'll avoid conflicts after your death; always communicate openly and honestly with your heirs. ■

Forgotten Bequests: The Top Three

No one forgets to pass along their home or bank accounts, but many people forget about what might happen to:

Pets. Who will care for these members of your family, and will the caregivers you choose have the means necessary to provide this care? Designate someone you trust to step in, and consider setting up a Pet Trust to provide financial resources and instructions for the care and well being of your pets.

Frequent Flyer and Reward Program Points. Loyalty program and credit card points and rewards are valuable assets. You earned them, so make sure others are able to reap these benefits once you cannot.

Electronic Assets. This category includes not just passwords for online financial accounts, but also passwords for social media accounts, websites, online photo albums, and other legacy assets. For example, your blog may be a detailed account of your life, but it could be automatically deleted if others can no longer keep your account active. Be sure to store this information in a paper file, so that it can be accessed without your computer password. ■

What's In a Legacy?

She was active in social policy and set precedents for how a First Lady can make a significant political difference, but her lasting legacy is much broader.

During her husband's term of office, she raised breast cancer awareness after her mastectomy, supported the Equal Rights Amendment, and spoke candidly about feminism, abortion, gun control, and other social issues.

Yet her most lasting legacy could be the result of making her struggles with alcoholism public. She founded a non-profit center that helps people suffering from addictions recover from chemical dependency and also provides prevention and education programs for families and children, an organization she chaired for over twenty years.

She was not only willing to discuss health issues and personal struggles openly, she also worked tirelessly to help others overcome the same challenges she faced. Betty Ford and the Betty Ford Clinic have made a difference in the lives of thousands of people.

What will your legacy be?

Today's Low Interest Rates

A Great Estate Planning Opportunity

Interest rates are currently at or near all-time lows. While low rates may not be great for investors seeking a high return on their investments, low interest rates can provide excellent estate planning opportunities.

For example, a Grantor Retained Annuity Trust (GRAT) can be an especially effective estate planning vehicle when interest rates are low. In a GRAT, the grantor retains the right to a fixed series of periodic payments. Any amount left over goes to the Remainder beneficiaries, such as the grantor's children. The IRS sets a benchmark interest rate for the GRAT, called the "7520 rate." If the Trust achieves more than this assumed rate, the additional Trust income goes gift tax-free to the remainder beneficiaries.

The same is true with a Charitable Lead Annuity Trust (CLAT), where a charity beneficiary receives the fixed income stream from the Trust assets and a non-charity beneficiary receives the remainder. Any growth in the Trust that exceeds the Section 7520 interest rate passes to the non-charity beneficiary without being subject to gift or estate tax.

Lending money to family members can also be more attractive in a low interest rate environment. Interest charged at below-market rates can be considered a gift, so when rates are relatively low it is easier to help a family member in need and avoid gift tax repercussions.

Sound complicated? These and other estate planning strategies designed to take advantage of low interest rates certainly can be. Some estate planning strategies are more effective during high interest rate climates; others are more effective when interest rates are low. Strategies that take advantage of low interest rates—and low asset values—can pay off now and in the future.

Contact our office if you have questions about how your estate plan can benefit from historically low interest rates. A periodic review of your estate plan is the only way to ensure not only that your intentions will be carried out but also that your loved ones will benefit to the greatest degree possible from your plan.

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

A Message From the Firm Founder

James M. Vitt

I want to remind everybody that the current estate and gift tax law, with its high exemptions, is scheduled to "sunset," or end at the end of year 2012! So, this year presents a great opportunity to make larger gifts before the year ends—especially with current lower property values that are likely to creep up again. If you have questions about this opportunity and how to make the most of it, give us a call.

Those of us with revocable living trusts (RLTs) want to make sure all of our assets that should be titled under our RLT actually are titled under the name of our RLT. Remember: assets that are properly funded in the RLT stay out of the probate process.

Also, I encourage you to make sure all of your beneficiary designations are up to date. Make sure somebody can access your computer data! Can somebody other than you access the contents of your safe deposit box? Contact us if you have any questions about these matters, so you don't have "loose ends" that aren't properly "synced up" with your estate plan!

We send a special "thanks" to our clients (you know who you are!) who have sent your friends, neighbors and relatives our way over the past several months to attend seminars and get their planning in order. Nothing is more gratifying for us than to hear that one of our clients recommended us. Plus, we all know it's in everyone's best interests to get their planning in order before it's too late! So, please tell us who we can invite to our upcoming seminars, and we'll send them a tasteful invitation.

Thanks again and let us know how we can better serve you. Email us at jim@vittlaw.com, and feel free to visit our website, www.vittlaw.com, for some new articles and free reports we make available to the public. ■

Compliments of

Vitt Law Offices, PLC

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

James M. Vitt, founder 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.** ■