

## Chapter 3. Problems To Be Overcome

One of the main purposes of Estate Planning is to help avoid or solve certain problems that almost every family will encounter or need to deal with. These can be divided into the following 5 areas:



### ASSET WASTE & MISMANAGEMENT

- Waste of assets by children or grandchildren receiving inheritance before they are financially responsible
- Family disputes due to failure to leave proper financial instructions
- Inability to sell your family business when you want at a full, fair price
- Inadequate investment management by your survivors
- Risk of your assets coming under control of a surviving spouse's next spouse
- Failure to provide for Long-Term Care costs

### TAXES

- Federal Estate Taxes
- State Inheritance Taxes
- Double Estate/Income Tax on Retirement Plans
- Estate Taxation of Life Insurance Proceeds
- Loss of all or some of the benefit of your Estate Tax Lifetime Exemption
- Loss of your \$14,000 Annual Gift Tax Exemptions



### FAMILY NEEDS

- Inadequate funds (such as life insurance) to support spouse and dependents after your death
- Insufficient instructions for care and custody for minor children after your death
- Court picked guardians for minor children
- Failure to provide for special needs children
- Improper healthcare directives



### ACCIDENT/LAWSUIT RISKS

- Claims on your children's inheritance by former spouses
- Exposing your assets to your children's or grandchildren's creditors
- Lawsuit expenses and jury awards from underinsured or uninsured business or personal accidents or injury
- Business partner disputes



### PROBATE

- Death Probate can cost up to 4-5% of your Estate
- Multiple Death Probates if you have real estate in another State
- Probate on the death of the surviving spouse for couples who rely on joint tenancy
- Disability Probate costs and hassles if you become disabled

Many of these concerns were expressed by Bob and Betty. Steps for addressing these are covered throughout this Guide.