

## Chapter 6. Other Estate Planning Options

Depending on your family, your objectives and your financial situation, other Estate Planning Options may be recommended to overcome other problem areas. Below are some of the tools and techniques being commonly used today. Place an  by those items you want to accomplish.

### **If You Own Life Insurance**

- If your Estate exceeds \$5,430,000 (\$10,860,000 if married), then about 40% of your Life Insurance must be paid for Estate Taxes. With a Life Insurance Trust, these taxes can normally be avoided and your Life Insurance can be fully preserved for your family.

### **If You Want To Avoid Probate Court**

- On your death, property separately titled in your name must go through Probate Court before distribution to your family, taking 1-2 years and costing additional Probate Court legal fees. If before death you re-title your property to your Living Trust, you avoid Probate Court.

### **If Your Estate Exceeds \$5,430,000**

- After the deaths of both spouses, Federal Estate Taxes (at about 40%) are due. A married couple with a Simple Will or Joint Tenancy Estate Plan receives only one \$5,430,000 exemption (unless the portability election is made, as discussed in The New Federal Estate Tax chapter). A Living Trust can be used to obtain the full benefit of a second \$5,430,000 Estate Tax Exemption (total \$10,860,000 exempt). Spouses should balance ownership between themselves to help assure each spouse has sufficient property so both exemptions can be used.
- Property gifted during your life to children and grandchildren is not subject to your Estate Tax. You and your spouse can each gift (tax free) up to \$14,000 per child/grandchild per year (Annual Exemption Gifts). You can also use all or part of your \$5,430,000 Lifetime Estate Tax Exemption during your lifetime if you wish. So, you and your spouse can choose to each gift (tax free) up to \$5,430,000 over your life (Lifetime Exemption Gifts).

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- Investments held in a Family Limited Partnership or Limited Liability Company can be used as a way to make your Annual Exemption Gifts and your Lifetime Exemption Gifts and to reduce Estate Taxes.

**If You Want To Keep Some Control Over Gifts**

- A Gift Protection Trust, Family Limited Partnership or Limited Liability Company can be used to make your Annual Exemption Gifts and your Lifetime Exemption Gifts. These can also hold your gifts for your minor and young adult children and grandchildren to make distributions over time as your children financially mature. These can also help protect gifts from children misspending, children's creditors and children marital disputes.

**If You Own A Business**

- A Business Owner Fourth Quarter Game Plan (also known as a Succession Plan or Exit Plan) can be used to provide a proactive plan for keeping your business interest protected and growing and to help you transition from it or sell it in an orderly fashion. It can specify buy-out conditions, retirement options, and stock price, as well as limit Estate Taxes. It can also preserve ownership and management amongst your family or partners or arrange for sale of your business. See my website for business owners which covers this topic further. [www.MyFourthQuarterGamePlan.com](http://www.MyFourthQuarterGamePlan.com).

**If You Own Investments**

- A Family Limited Partnership or Limited Liability Company can help protect your investments from unforeseen liability, accident, creditor and litigation risks.

<p><i>To Do List</i></p> <p>√ _____</p> <p>√ _____</p> <p>√ _____</p> <p>√ _____</p> <p>√ _____</p>
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