

Chapter 38. Are You Prepared?

Estate Plan Fitness Test

This Test is part of the “History and Physical” we utilize in the Estate Planning process. Read the questions carefully. Be honest with yourself. If you don’t know an answer for sure, it should be answered “No”. A few questions might be “not applicable” to you. Leave those blank.

- | | YES | NO |
|---|--------------------------|--------------------------|
| Decide What I Want. | | |
| 1. Do I know for sure who I want to transfer my Estate to and when I want them to receive it outright after my death? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Do I know for sure who I want to handle my financial and health care matters if I am unable to do so? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Do I know in which State I want to reside after I retire? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Do I know for sure how much cash-in-pocket I need or want upon my retirement (or my family needs after my death) to achieve financial independence? | <input type="checkbox"/> | <input type="checkbox"/> |
| Decide What I've Got. | YES | NO |
| 5. Do I know the net value of my property? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Do I know how much life, disability and long-term care insurance I have or need? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Do I have a recent, written Personal Financial Statement? | <input type="checkbox"/> | <input type="checkbox"/> |
| Protect My Family. | YES | NO |
| 8. Have I executed a durable financial power of attorney which is a “present power” which designates a capable person (and capable successors) to handle my financial affairs upon my disability? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Have I executed a durable health care power of attorney which designates a capable individual (and capable successors) to handle my medical affairs upon my disability and which is HIPAA compliant. | <input type="checkbox"/> | <input type="checkbox"/> |

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| 10. Have I executed a health care directive (living will) which specifies proper guidelines for utilizing or maintaining health care procedures in extraordinary circumstances? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Have I executed a pour-over will to designate a capable personal representative (executor) and capable successors to handle my estate (including business matters) and guardian for any minor children upon my death? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Have I executed a living trust which protects my spouse and which protects my children and grandchildren until designated ages? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Have I re-titled my assets into my living trust (including my business assets) in order to avoid probate court intervention with regard to my estate and my business? | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Have I appointed capable successor trustees to my living trust who understand my financial and business operations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Have I addressed my charitable giving objectives, in particular from a tax favored perspective? | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Have I addressed my education funding objectives? | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Have I implemented the applicable personal Asset Protection Plan tools, given an assessment of my personal exposure to business and personal contingent liability risks? | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Have I addressed specific bequests and equalization to and amongst children who are active or inactive in any business I own? | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Have I designated in my Estate Plan how my personal representative (executor), family business representative or trustee is to manage or sell my assets or my business upon my death or disability? | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. Have I included in my Estate Plan a dispute resolution provision which prevents a dissatisfied child from disrupting my financial or business operations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Have I recently evaluated my personal life and disability insurance needs and implemented the insurance coverage appropriate to addressing my | <input type="checkbox"/> | <input type="checkbox"/> |

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- financial gap, needs and objectives?
22. Have I established a sufficient retirement plan or a funded salary continuation plan or agreement to provide ongoing support to my spouse and family upon my death or disability?
23. Do I have a professionally prepared Wealth Plan?
- Handle My Business Ownership.** **YES** **NO**
24. Will my spouse or family be able to receive cash for the full value of my business upon my death or disability?
25. Do I have an exit plan letter to my family, with written instructions to my spouse and family for handling business matters upon my death or disability?
26. Do I have pre-written guidelines for assisting my spouse, family and advisers in selling the company to a third party or insiders upon my death or disability?
27. Do I have pre-written designation to my spouse, family and/or board of directors naming principal exit plan advisors to assist in advising family and my board of directors on the transition of business matters upon my death or disability?
28. Have I established a Buy-Sell Agreement for my business which establishes must/may buy obligations on death, disability, employment termination, retirement, bankruptcy and divorce of all shareholders?
29. Have I established a Buy-Sell Agreement which establishes the right type of stock pricing?
30. Have I provided sufficient funding for the Buy-Sell obligations under our Buy-Sell agreement?
31. Do I have a written Fourth Quarter Game Plan (also known as a Succession Plan or Exit Plan) for each business I own?
- Prepare My Tax Savings Plans.** **YES** **NO**
32. Have I executed a living trust which properly establishes the appropriate marital deduction provisions and federal estate tax exemption utilization for both spouses?
33. Have I implemented appropriate estate tax reduction tools, such as annual exemption gifting,

family limited liability partnership (or LLC), lifetime exemption gifting, a gifting power of attorney and irrevocable life insurance trust, as applicable?

Overall.	YES	NO
40. Do I believe I am as prepared and up-to-date as I should be for my Estate Planning?	<input type="checkbox"/>	<input type="checkbox"/>
TOTALS	_____	
	Ready	Not Ready

Achieving Your Legacy

As parents of six children and grandparents of fourteen grandchildren (so far), my wife Ann and I, like all parents and grandparents, want to do everything we can to help assure their protection and well-being.

If you are like us, you don't have a lot of time to become experts in everything you need to get done. That is why I've tried in this short Guide to provide the essence of the actions which I believe all parents and grandparents need to be working on with their Financial Advisor and Estate Planning Attorney.

My hope is this Guide will help you to make your "next move" towards protecting your families.

As we began this Estate Planning Guide, we focused on your personal and financial objectives. This is exactly what I first focus on with each new Estate Planning client who is referred to me. If you keep the vision of those objectives in the forefront as you address your Estate Planning, your likelihood of being successful will be substantially increased and your happiness with this process will be more thoroughly realized.

That's why the final strategy in the Estate Planning process which I stress with both new and existing Estate Planning clients is to first look forward as you begin the process to the end result you're trying to achieve, visualize the legacy you want to leave, and then enjoy the peace-of-mind that a solid Estate Plan will provide for you and your family.

APPENDIX

Your Personal and Financial Objectives

What are your personal and financial objectives? :

- To begin spending less time running my business by handing over certain operating duties to one or more key employees.
- To begin to travel more with my spouse and/or other family members, starting with a ____ week trip to _____ during 20____.
- To be able to travel more to visit my grandchildren at least _____ times per year.
- To be able to spend more time on my charitable activities.
- To assume that my spouse does not need to become entangled negotiating financial matters with my co-owners, employees or creditors upon my unexpected death or disability.
- To assure that I'm not leaving my spouse or family with a "Junk Drawer" of business and financial matters to try to untangle upon my unexpected death or disability.
- To work for another ____ years, and to develop one or more of my insiders (adult children or key employee(s)) to be my successor in the business.
- To leave my estate equally to my children.
- To leave my business to one or more of my adult children and equalize shares to my other children.
- To assure that my estate is not distributed too early to my young adult children, but instead is distributed over time as they reach designated ages.
- To assure that any portion of my estate left to one of my adult children who dies leaving surviving children, is held in trust for the protection of those grandchildren.
- To assure that if I die, my spouse has an investment net worth (cash-in-pocket) of at least \$_____.
- To assure that if I am disabled, my spouse and I have an annual after tax net income of at least \$_____.
- To be free of potential contingent liabilities and business debt guarantees by _____, 20____.
- To be free of personal debt by _____, 20____.
- To be able to leave a net worth of at least \$_____ to my children upon my death.

- To be able to establish a \$_____ charitable fund for my favorite charities.
- To utilize a portion of my business exit proceeds to invest in another business enterprise as either a passive or active owner.
- To help assure that my business will be carried on after my planned or unexpected exit to help provide ongoing financial security for other family members (e.g. siblings and adult children) and/or long time, loyal key employees.
- To help assure that my business continues after my planned or unexpected exit in order to help provide ongoing products and services to my loyal customers/clients/patients.
- To maximize the potential sale price and minimize the income tax hit for myself and my family upon the sale of my business.
- To assure that upon my unexpected death or disability, that my company has adequate funding to continue in my absence.
- To minimize estate taxes.
- To provide education funding for my children and/or grandchildren.
- To keep my business and personal assets out of probate.
- Other _____

- Other _____

- Other _____

- Other _____

What is the legacy you want to leave?: _____

What are the next moves you are going to take to help achieve this?: _____

