Can You Set a Few Minutes Aside For Your Family?

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Important matters, such as the protection of one's family and one's assets in the event of death, disability or divorce are too easily put off for too long. But with only a little time out from one's regular duties, financial and/or estate planning can provide protection that is tailored to each person's needs.

To begin this process, we suggest that you ask yourself (and your spouse or partner, if applicable) the following questions:

- Do you have a Will and/or Revocable Trust? If yes, when was the last time you reviewed the documents, and has the nature of your family and/or your assets significantly changed? Do your Will and/or Revocable Trust represent your present wishes? If you do not have either a Will or a Revocable Trust do you know what will happen to your property when you die?

- Are your Executors and Trustees still appropriate? Do the designated individuals have the desire, time and ability to fulfill their functions if called upon to do so?

- If you have one or more minor children, is the Guardian of your children named in your Will still the person best suited to raise your children if something happens to you?

- Do you have a child or grandchild who was born after your Will or Revocable Trust was prepared? In your existing estate planning documents, has the child or grandchild been properly provided for especially if the individual has special needs? Should your children or grandchildren receive their inheritances outright or would it be best to place the property in trust for the individual's benefit? If trusts are appropriate then at what age or ages do you want the individuals to receive income and principal distributions? Have any of your descendants adopted a child?

- Have any of your relatives created trusts for your benefit where you were given a power of appointment and the exercise of which needs to be reviewed?

- Might you be interested in obtaining life insurance and creating an irrevocable insurance trust that would provide cash needed to pay some if not all of the eventual estate taxes on your assets? Did you know that if the life insurance policy is owned by the Trustee of the irrevocable life insurance trust and the annual premiums are paid with trust assets then the proceeds of the life insurance policy could be exempt from state and federal estate taxation at your death?

- Are your children now of an age at which trusts for them are no longer necessary? Conversely, should the termination age of one or more trusts created by your Will be extended? Do any of your children have alcohol, substance abuse or creditor problems that need to be taken into consideration in your estate planning documents? Did you know that you could name a qualified retirement trust for the benefit of a child as the beneficiary of a retirement plan so that the assets in your retirement account are protected and your child could still receive the required minimum distributions?

- Are you providing for a disabled parent, child or spouse? Do you have an appropriate trust, whether existing or under your Will, which will take care of that individual if something happens to you and not jeopardize that individual's right to receive government benefits?

- Do your estate planning documents contain a trust for your spouse that provides that he or she will be taken care of for life, but that, upon your spouse's death, the remaining assets of the trust will pass to people you have selected - such as your children and grandchildren - rather than to your spouse's next spouse?

- Are you aware that in 2014, a married couple with assets of up to $10,680,000 ($5,340,000 each) can pay no federal estate tax at all at the death of the survivor with proper estate planning? Are you aware that the federal estate and gift tax exemption is probably going to increase in 2015 to $5,420,000 per person? Are you aware that you can utilize some or all of the estate tax exemption during your life for gifting? Are you aware that in 2014, the Connecticut estate and gift tax exemption is limited to $2,000,000 per person?

- Is the value of your assets large enough so that your parents' estate planning documents should name your children as beneficiaries rather then you to avoid or reduce the estate tax owed at your death?

- Might it be desirable to create a trust which will reduce the tax burden when accumulating funds for the education of a child, grandchild, niece, nephew or other person you designate?

- Did you know that in the event your child is ill or injured once your child becomes 18 years old that HIPAA privacy rules prevent doctors and hospitals from disclosing medical information to you without a Living Will and Designation of Health Care Agent document signed by your child in which you are named as the Agent?

- Did you know that you have the ability to name in advance the individual who will serve as a Conservator if you ever need one?

- Has one of your children or grandchildren recently gotten married? If so, would you be interested in an arrangement whereby at your death funds are placed in trust and made available to your child or grandchild, and subsequently pass to that person's children rather than to his or her spouse should an event such as divorce or death occur?

- Do you make annual gifts to your children and grandchildren? Are you aware that in 2014 you and your spouse can gift $14,000 each to another individual without any gift tax implications? Are you aware that you and your spouse can directly pay the medical and educational (tuition and books) expenses of a child or grandchild without reducing the amount available each year to make tax free annual gifts or utilizing any of your lifetime estate and gift tax exemption?

- Are you aware that by creating a "Revocable Trust" or "living trust" you could fund the trust during your lifetime and potentially eliminate the need to have your Will probated at death?

- Did you know that life insurance proceeds are subject to federal and state estate taxes, but that there are ways to assure that the proceeds of your existing life insurance policies can be made estate tax free?

- Are you charitably inclined? Do you know that there may be ways to contribute assets to a charity (even a family foundation) or a charitable trust and wind up with a tax deduction *plus* a way to give as much or even more to your family than you started with?

- Are you involved as a partner or a shareholder in a closely-held business? If yes, do you have a partnership or shareholder's agreement? Is it up to date? Does it properly provide for what is to happen if you (or your partner or another shareholder) die or become disabled? If the agreement involves descendants of one or more partners or shareholders, does it meet the requirements of the Internal Revenue Code?

- Do you think that a child or your spouse might contest your Will? If yes, have you included provisions in your Will designed to prevent such a contest?

We at Ivey, Barnum & O'Mara, LLC are ready to work with you (and, if you wish, your other advisors) to help with your answers to these questions, to develop or refine your estate or overall financial plan, and to prepare the documents necessary to carry out your wishes. ❖

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