

02/15

Tenant Tips

An occasional newsletter to help you financially

ESTATE PLANNING is arranging your assets so that they go to the proper person when you die and reduce taxes and costs of settling your estate. Though I am an attorney, here are ways you can do some of that without an attorney's will or trust - better than doing nothing:

-If you have children, consider:

a- creating a bank account under the **Uniform Transfers to Minors Act** up to age 22 jointly with you and a trusted relative;

b- directing in your will a payment to a bank account under the Internal Revenue Code §529 managed by a State of the United States;

c- directing your executor to pay to another person's existing **IRREVOCABLE** trust which in all cases accounts at least annually;

d- directing your executor to purchase an asset for your child like a condo or a lot;

e- buy real property in your name with title saying it is your for a fixed term long enough to be sure your child will be old enough to wisely use it and have the deed say your child gets what's left after that term of years. If you don't understand that see an attorney in your state.

f- NEVER, NEVER during your lifetime give any person appreciated land or stock as that costs them capital gains tax on its increase from when you acquired it until they sell rather than just on the increase after you die IF they inherit it through a will, trust or form of title other than "Joint", in which the survivor never gets from the dead as they have always had an interest in all of it.

g- consider a **joint life annuity**, paying to you and your child for pre-determined time.

-**Write a will** precisely following the form many states have somewhere in their statute books. Stationery stores also carry simple wills, as do some commercial companies. Look up words you don't understand. The person who carry's out your will is an "executor" (women are "executrix"). If your total estate excluding assets held with the word "joint" or which are paid to named persons like insurance, is small some states allow your will to be followed without have a probate filed in court. Using "joint" may save a court-probate BUT usually costs capital gains tax for 15% federal + your state's tax rate. NEVER USE IT WITH APPRECIATING PROPERTY because it can cost more than it saves.

Medical Powers of Attorney are often free at your hospital or doctor's office or very low cost from your state's medical licensing board. Use these as they are familiar to emergency room doctors. Keep original in car glove box and taped to back of front door so ambulance drivers can find them.

Use your bank's and stock broker's property powers of attorney & authorize Social Security to follow a trusted relative or friend's requests. **Add a trusted person's name to your safe-deposit box at your bank. Reword your bank account to be "pay on death"** considering whether grandkids are cut out if your child dies. "Joint" is NOT enough.

Reword your insurance beneficiaries to insure that there are contingent beneficiaries.

Fill out your funeral arrangement form at your local undertaker's even if you don't pre-pay.

Nominate a guardian and a successor guardian for your children and acknowledge it before a notary. Likewise a Conservator for yourself.

A recorded declaration of homestead in some states protects from creditors, but you need to have equity in what's declared.

Give ALL stock certificates to a broker because he can't lose them and if you lose them or they are burned, you have to pay 10% to reissue them.

ABOVE ALL GIVE TO A TRUSTED PERSON WHO DOES NOT LIVE WITH YOU SO AS TO BE SAFE IN CASE OF CALAMITY AT HOME, THE FOLLOWING:

- all bank names, addresses and account numbers;
- all creditor's names, addresses and account numbers;
- copies of all insurance policies;
- copies of all wills, conservatorship and guardianship nominations;
- copies of birth and marriage certificates;
- copy of funeral arrangements;
- copies of all powers of attorney and medical powers.
- copies of all motor vehicle registrations;
- a movie of your home contents including drawers, books, garage boxes, closets, basement, attic bathrooms all for fire insurance!

\$300 service Call saved by simply resetting your toilet- Easy: 1st - buy \$4 wax seal at any hardware store; 2nd unscrew 2 nuts holding toilet seat down; 3rd lift it off floor and remove obstructions in floor or toilet; 4th put ring in floor set toilet on 2 screws. Yeh! 30 minutes.