



Summer 2014

Plans That Work. People Who Care™

Our Summer Education season got off to a great start on the morning of June 28. A large group of families joined us for the two LifeSpan Learning Solution™ programs,

Business Structures and Succession™ and **Supercharging The School Bus Trust™.**

We were gratified by their response. It was the first time we presented these two programs (which were briefly previewed at the Annual Family Reunion™) but it seems the new ideas are going to be very, very popular. From what they learned in the ‘Business’ session, many of our **farmers and other family-business owners** are going to sleep better at night (less fear of lawsuits) and reduce their income taxes going forward.

As a result of the ‘Supercharging’ program clients are adding more flexibility to their heirs’ inherited ‘school bus trusts’ to beat income taxes and enhance the asset protection benefits. **Nearly every LifeSpan family should be considering this**, given the new income tax rates we are facing along with society’s tendency to sue-at-the-drop-of-a-hat. **Sign up now for one of the remaining dates: July 7 (Marshall), July 22 (Salem) or August 12 (Bloomington).** On each date ‘Business’ is at 3:00pm & ‘Supercharging’ is at 6:00pm.

It looks like a win-win set of programs and *we hope to see you at one!* Oh, and if you are ever tempted to think The Estate Planning Center is just like other lawyers, stop and ask yourself: “Would any normal lawyer give such a name to a technical education program?” We have no desire to be merely ‘normal.’ *Clark*

Update: Nation’s Highest Court Agrees With The Estate Planning Center!

- Sam Collins -

Last summer, we discussed the In re Heidi Heffron-Clark case in our newsletter, and this year discussed it as part of our “Tales From Out There...” segment at the AFR. At that time, the state of the law in Illinois (and other states comprising the 7th Circuit) was that inherited IRA’s are not protected from creditors under federal law. After review by the United States Supreme Court, this is still the case: inherited IRA’s are not protected from creditors under federal law.

A brief recap of the Clark case facts: Clark inherited a \$450,000 IRA from her mother, and took distributions from the account monthly. Recall that all inherited IRA’s require that the beneficiary take out a minimum amount each year based on their age, regardless of whether they are at retirement age. Some years later, Clark and her husband filed bankruptcy after a failed business venture. In bankruptcy, “retirement accounts” are

exempt, which means that the Bankruptcy Trustee cannot seize the asset and divide it among creditors. Clark listed the inherited IRA as an exempt retirement account (which was worth around \$300,000 at that time). The Bankruptcy Trustee objected, and argued that the account did not meet the definition of a retirement account because Clark did not (and could not) contribute her own funds to the account to set aside for her retirement. The nation’s highest court agreed with this argument. In order for an IRA to have creditor protection, it must be an IRA to which you *contributed your own money.*

This case is extremely important, as so much wealth is now passing to future generations through retirement accounts, like IRA’s. If asset protection (‘school bus trust’) planning is part of the overall goal, retirement accounts must be coordinated properly. For years we have known that ‘school bus trusts’ were necessary to protect the required minimum distributions that must be paid out of the inherited IRA, and recommended that such trusts be the beneficiary of your IRA’s in order to protect the entire account, even what had not been distributed. The Clark court decision affirms our position. *[drum roll]* The Supremes agreed with your attorneys!

“Asked about the number of Obamacare enrollees who’ve paid, Jay Carney said ‘we don’t have hard numbers, but we dispute their numbers.’ Try using THAT one at an IRS audit.” Fred Thompson

LifeSpan Learning Solution™

- Gayla Ball -

After a very, very busy Spring (my youngest graduated from High School ☺), it is great to say Happy Summer Everyone!! I am loving the longer days, warm weather, and not to mention we are soon heading to Kentucky Lake!

As always it was great to see so many of you at one of our six Annual Family Reunions™ (AFR). Again this year we received very positive feedback from many clients that attended. Along with updating your Client Organizer™, some funding information, and timely training from Curt and Sam, attending an AFR is always a gentle reminder to you our clients...a reminder that you have invested in an estate plan, and we all want it to work. As you know, most estate plans don't work because they are not maintained properly. As the Education/Settlement Coordinator here I strive to keep our clients well educated and do my best to make that a positive experience.

Here are a few suggestions that may help:

- 1. Make Your Reservation As Soon As Possible:** For all of our programs, to insure that you will get the date and location that works best for you.
- 2. Make a reservation for EACH person that is attending:** We encourage you to bring helpers to Family Education Program™ events, but due to limited seating and material preparation we must know in advance who will be attending.
- 3. Read your confirmation letter:** You will routinely receive a confirmation letter about 2 weeks prior to the program if you have a reservation. This letter will include the date, time, location, and instructions if there is something you should bring such as your Red Book or Client Organizer™.
- 4. Take Advantage of our on-line resources:** Don't forget we do have some Family Education Programs™ available on-line. This is a great alternative for those who have not been able to attend in person. Here is everything you need to know to watch the online videos and get 'credit' for participating in the program! Go to our website (www.tlcplanning.com...right there in your

favorites) Click this area on the right-hand side of the home page. Enter the Username and Password and you are ready to go: select a video and print the Powerpoint & Quiz!



Clients and helpers call for this info

When you or your Helpers watch a video online, **please print the "Quiz"** that goes with it, fill in the answers as you watch, then send the quiz to us so we can give you credit for participating!

What Will Your Kids Say?

Are you making a point to talk to your children and grandchildren about the things that they will someday wish you had? Someone has to initiate those conversations. A client recently wrote the following and gave us permission to share:

"After my uncle's death...we had a large debt to the IRS for inheritance tax. I was in the tax avoidance mode and then after my dad passed away [three years later], I may have realized it was not that significant and just stopped [focusing so much on estate taxes]. The estates were under the exemption and it was not likely to make any difference.

"Now I wish I would not have talked so much about money and farming with my dad. He is gone, and I wish I would have asked him more about how he grew up and the experiences he had. I can think of a thousand questions I could have asked, but all I was concerned with was money. He was only one year older than I am when he just fell over on the tractor and died of a heart attack. He was never that concerned about records, although he was as tight as bark on a tree. He just said if he had any money left at the end of the year, he figured he made some.

"I also remember disliking the days before income taxes had to be sent in. My mom and dad would be at the kitchen table, sorting thru receipts and invoices. My dad would be raising his voice and looking for something that had been misplaced. They worked long into the night... My mom had perfect hand writing and kept records as best she could, but farm work always took precedence over book work, until income tax time."

Neil F. — Champaign County, Illinois



If you wish to preserve me I go in Tab F of the Personal Information section of your LifeSpan Client Organizer™!



Management Memos

- Sarah Rupe -

Landowner Hunting Permits

Are you a Hunter who gets landowner permits/tags? Well, occasionally the Department of Natural Resources requests additional information since your real estate is in a trust. Don't fret! Just send the signed form/s to me and I'll mail them to the Department of Natural Resources with the appropriate paperwork that they request. I'll send you a copy of the letter I send them so you will know it's taken care of.



HOWEVER, if you want landowner permits for your children, your trust must specify that he/she/they are a 'current income beneficiary' of the trust in order to get landowner permits/tags based on real estate titled in your trust. So, if you want this, contact me and let's discuss the situation to verify whether you need an amendment for this purpose. Curt has created provisions that can be added to your living trust to make this work.

Long Term Care Insurance

As you'll recall from this year's Annual Family Reunion™, we are updating our files and would like to know what, if any, Long Term Care insurance you presently have. If you have such insurance and have not returned to us the information form we distributed at the AFR, please contact me so I can get the form to you. We need to know some specific information about your long term care plan to make sure it doesn't cause problems with your estate upon death. Ask your agent to fill out the form for you to make sure we get accurate and complete information.

DocuBank®

Some have mentioned that you have DocuBank® cards with a past expiration date. As long as you are a LifeSpan client of ours, we renew your membership annually. After your initial card showing your expiration date expires, you should receive a new card from DocuBank® without an expiration date. If your DocuBank® card has an expiration date that is past, please call Docubank®

at **800-362-8226**. If you have any difficulty, call me and I'll help you get yours straightened out.

Also, don't forget to take advantage of the free, on-line Docubank SAFE®. More and more of our lives are being lived online: Facebook, Google+, online photos, emails with your grandkids. How will your family access that info after you're gone? Do they have a list of all of your passwords? Consider using your Docubank SAFE® (with just *one password to remember* in order to retrieve all the others!) to store the list of passwords. Once you get used to using the Docubank SAFE® it is an easy thing to log in, update your list, and log out. Then give your trusted child or children (or your attorney) your one password for your Docubank SAFE®.

FRIENDS DON'T LET FRIENDS...

rely on faulty estate plans. There are many people in the world who care deeply about their loved ones and their hard-earned estates, and about the impact the estates are going to have on those loved ones some day. Yet many of those people have never heard of the Three Step Strategy™ or the diligent LifeSpan Planning Process™.

We are doing what we can each month to make sure those people learn how they can make sure that what they have goes efficiently to whom they want, when they want, the way they want and with all possible legal advantages and protections available! You know it as our Introductory, free workshop called the **Truth About Estate Planning™**. Encourage the people you think care like you do to come check us out. Like you, your friends deserve a plan that will work!

A list of our upcoming workshops is on our website. Your friends can also obtain a list by calling us at 618-548-3729. Reservations are required because we have a *maximum and minimum* attendance requirement for each monthly workshop.

"THE PLANS OF THE DILIGENT LEAD ONLY TO PLENTY, BUT EVERYONE WHO IS HASTY COMES ONLY TO POVERTY." PROV. 21:5

Save the Date!
Annual BBQ with Curt at the grill and
great bluegrass music in the yard.
September 19. Details to come



Feverishly Funding!

- Sherry French -

Go Go Go! I'm in high gear here at The Estate Planning Center! I need your help! I need to know what lenders will loan money on a vehicle titled in a trust name. Some do, some don't, and we would like to create a list of those that do to share with all of our clients. Please call, write or email me the names of banks, finance companies, etc., that allow people to finance a vehicle in a living trust. I periodically hear from clients that they can't get a vehicle financed. Yet I know others do. I would just like to make it easier for everyone. I would appreciate any information and will pass it on.

A reminder that any time when any of your account numbers change—the bank changes hands or your advisor changes firms—we need copies of updated Red Check paperwork, and on all assets with beneficiaries we need proof of the primary and contingent beneficiaries. Just because they were listed right before does not mean that they will be right after being switched over...often they are not! In **Tab 4** of your black Client Organizer™ is a list of what is needed for each different asset for Red Check Review Requirements.

Don't hesitate to give me a call if you have any questions or need any help. It's okay to ask questions!

Tax Facts

The *American Taxpayer Relief Act* took the highest tax rate up to 39.6%. The "taxpayer relief" for that infamous one percent won't be much fun. The top one percent of earners will, according to CNBC, pay an average tax bill of \$525,000, up from \$489,000 in 2012. Next year it is projected to hit \$670,000. Ouch for those it hits!

Even if you aren't ultra wealthy, but merely doing well, you are doing more than your share to support the spending in Washington. The *top 10%* of taxpayers will pay 56% of all federal taxes.



Since our mission is plans that work...

It's Simple. Just Do It.

What does your family stand for? What values were important to your parents and grandparents? How did those values affect you? In what ways are yours different? the same? Why? Will your grandkids know the answers to these questions? Will they know what you...let alone your grandparents...stood for?

Take the time to reflect on these things and write them down in a book, diary, journal...somewhere so your descendants will know the answers and be able to reflect on what is really important, and what made earlier generations worth following. You have wisdom worth passing on even (especially!) if it contradicts what is being taught so many places today.

If you so desire, we would be honored to keep this sort of information in your file to be delivered at 'that time' if you wish. If you so direct, we will also include any statement of your faith, values, and hopes in your living trust where it will be preserved for future generations to reflect upon.

2014 Client Update Program™

Reminder to Even Year Clients: Watch your mail later this summer for CUP dates, times and locations. There are important legal updates coming this year! Commit to attending so that *you and your plan* will be appropriately updated.

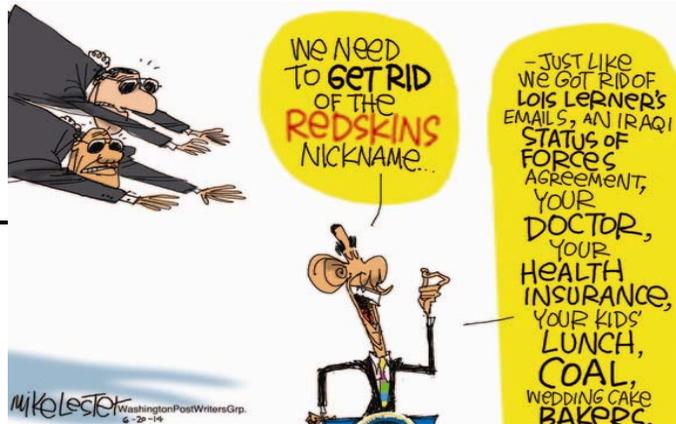
"Nobody in America is poor just because someone else is rich. ... The academic literature is very solid on what it takes to stay out of poverty. Number one, graduate from school. Number two if you're not married, don't have a baby. Number three, get a job, and stick with it." Michael Tanner

Illinois Land Trusts Do Not Qualify As “Owners” For Government Payments

- Sam Collins -

A recent case out of the Northern District in Illinois holds that a land trust does not meet the qualifications as an owner to receive payments under the Direct And Counter Cyclical Payment Program. In case you aren't familiar with an Illinois Land Trust, it is a type of trust primarily designed to **keep property ownership secret**. In a land trust arrangement, the owner transfers the land to a trustee (normally a bank, although it could be an individual) and retains all “benefits” of ownership of the land, including the power to direct how the bank manages the property. The interest in the land trust is no longer deemed to be “real property” but rather personal property. This feature adds at least a little bit of creditor protection as real estate liens by catastrophic creditors can be avoided. Still, we seldom advise clients to use them as a planning tool.

You may know people with an Illinois Land Trust who think that means they have really done estate planning. Not so much. It is no substitute for living trusts, irrevocable trusts, wills, powers of attorney and other actual estate planning tools. And a land trust can actually be detrimental according to this latest court ruling. The case of Stable Investment Partnership v. Vilsack arose when a Chicago lawyer purchased a farm through a land trust. At the local USDA office they signed up for DCP payments, which amounted to approximately \$448. The lawyer requested the payment be made to him, since he held the beneficial interest in the land trust. Initially, the county USDA office allowed him to sign up personally. Later, however, the USDA changed its mind since the lawyer was not the owner of record of the land. **It's secret, remember.** The USDA won an administrative appeal and the case was then appealed to the Northern district, which affirmed the administrative decision. *Get a land trust, lose your DCP!*



“So Who Cares?”

We shared this story in the Annual Family Reunion™ this year, but it is worth repeating.

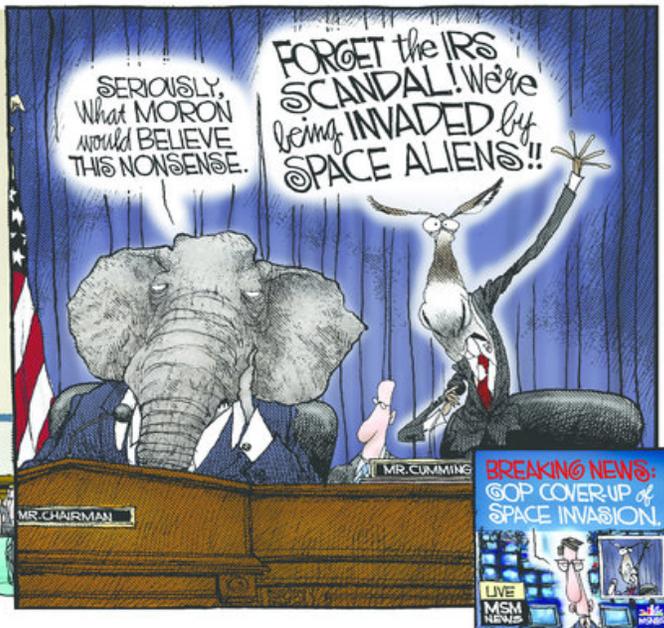
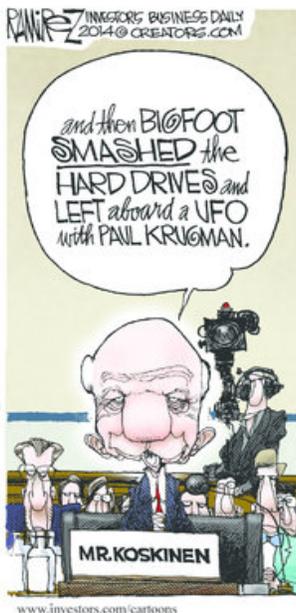
In the book, Wealth to Last, which I co-authored with Larry Burkett, we related a story about a wealthy businessman seeking counsel. He had been very successful financially and had a sizable estate. When asked what he planned to do with it all, he replied, “I’ll leave it to my children, I guess.”

Larry then asked him why he didn’t just give it to them right then, and he replied, “why, they don’t know how to handle money. They’d just lose it all!”

Becoming a bit bolder, Larry ventured, “Do you think they would lose it after you died as well?”

The businessman responded, “Well, I’ll be gone then, so who cares?”

That attitude is not what we have grown to expect from our clients. You do care. If you have heirs who are not prepared to handle an inheritance wisely, who might even hurt themselves with the money, consider revising your estate plan. Assure that what you worked hard for and planned carefully to pass on will be a blessing...not a curse.



THE ESTATE PLANNING CENTER
Curt W. Ferguson & Samuel L. Collins
919 West Main
Salem, IL 62881



Change Service Requested



“I believe that people don’t care how much you know until they know how much you care.” Richard H. Ferguson 1936-2008

Do It Yourself and Save...Not!

Anne Aldrich wrote her will on an “E-Z Legal Form” on April 5, 2004. Ms. Aldrich carefully inventoried all of her property on the preprinted form, and she left all of her possessions to her sister. She also provided that if the sister died before she did: “I leave all listed [property] to James Michael Aldrich,” her brother. The will was duly signed and witnessed. It was legal and unambiguous. However, it did not contain a “residuary clause” for disposing of any property not specifically mentioned in the will. Ms. Aldrich may not have appreciated the importance of that omission. Had she died soon thereafter, it might not have made any difference.

But as it happened, her sister died first. Ms. Aldrich inherited a considerable amount of property from the sister. The property so acquired was not, of course, mentioned in the will. Ms. Aldrich wrote an addendum to her will that acknowledged her sister’s death and said, “I reiterate that all my worldly possessions pass to my brother.” Alas, under local law the note could not be considered a valid will or codicil, because it lacked the signature of a witness.

After Ms. Aldrich died, two nieces challenged the

will. They argued that the brother’s inheritance must be limited to the items named in the first will, and that the balance of the estate must pass under the laws of intestacy (the rules that govern inheritance in the absence of a will). The Courts, with some regret, sided with the nieces, although they acknowledged that this almost certainly was not Ms. Aldrich’s intention.

The Florida Supreme Court summed up the outcome with these words: “Obviously, the cost of drafting a will through the use of

“As illustrated by this case, the ultimate cost of utilizing [a pre-printed] form to draft one’s will has the potential to far surpass the cost of hiring a lawyer at the outset.”

a pre-printed form is likely substantially lower than the cost of hiring a knowledgeable lawyer. However, as illustrated by this case, the ultimate cost of utilizing such a form to draft one’s will has the potential to far surpass the cost of hiring a lawyer at the outset.” Avoiding the costs of litigation, having the estate tied up for years, and *most importantly the failure to have one’s intentions accurately carried out*, make the investment in consulting an estate planning attorney worthwhile indeed.

REMEMBER: “THE MORE STUFF YOU HAVE, THE MORE STUFF YOU HAVE TO FIX.” C. KEITH BAILEY