

The LifeSpan™ Courier:

TLC Planning™ Client Newsletter

Winter, 2018-2019

PASS YOUR WEALTH...

INCLUDING YOUR WISDOM



During the last two-year **Client Update Program™** (CUP) cycle we shared what we have learned about the “lottery-like” impact of wealth on heirs. We are gratified to see, again, that we are serving *People Who Care*. Reality is what it is, no need to pretend otherwise. If some of our beneficiaries aren’t used to managing the amount of money that they will receive, it makes sense to provide some of your guidance, perhaps a getting-adjusted period, or some actual limitations.

This doesn’t apply to every client or every beneficiary, of course. Some of your children are wealthier than you and have thoroughly proven themselves capable of managing money and living within their means. But many are not, and for them, we don’t want the estate to turn into a curse instead of a blessing. Many of you during and following the CUPs took steps to add some of your wisdom to their inheritance.

One of the main reasons to take advantage of our LifeSpan™ services is your ability to easily review and update your plan, including any instructions for your beneficiaries. Sam’s great article [The More Things Change...](#) advises, like the Gipper, “Don’t be afraid to see what you see.” Never look at your family through rose-colored glasses. If you think it would be appropriate to make some adjustments to your plan based on what you observe, *just do it!* Call or email us whenever you see the need. Most amendments are LifeSpan™ services provided at no additional cost. We want your plan to say and do for your beneficiaries what you want it to say and do.

Curt

Renewing Commitments: TO DO LIST

By popular demand, we split your renewal packet this year into two mailings. About two weeks ago you should have received your **yellow renewal form** and 2019 Invoice. As of this writing, many of you have *already responded* to those! Thank you for the confidence you place in us.

The second part of your renewal is this newsletter plus your Asset Review Report.

To assure uninterrupted service from your LifeSpan™ Team, be sure to:

1. If you have not already done so, select the best date and location for you to attend an **Annual Family Reunion™** (AFR), mark the **yellow renewal form** we provided, and **return it immediately with your annual membership fee** (also note the date on your own calendar and keep it clear of conflicts). Please pay by the due date of January 21, 2019 (if you pay after January 31 go ahead and add the \$25 late fee).
2. Start updating your **Asset Review Report™** (ARR) and return it to us by January 31, 2019. Add new assets; delete any you no longer have; update the dollar values; and send appropriate **Red Check Review™** (verification) paperwork for new assets you add to the report (see **green instructions** stapled to the ARR).

Remember: the **Annual Family Reunion™** is the focal point of our standard updating process. If you miss that, you lose much of the value we provide. Make it a priority on *your* calendar!



Prepared for the *Digital Afterlife*?

Planning for digital assets and online accounts is crucial to securing your legacy. We developed a new strategic alliance partner to assist with this issue. Directive Communication Systems (“DCS”) is a company that specializes in administering digital assets. The DCS team helps you create a list of your digital accounts and assign directions for how you want those accounts handled. You can designate directions to **Close, Delete, Transfer, Remove Name** (Family Share Plans), or **Memorialize** the online accounts.

By law, these accounts are treated differently than other assets. Online accounts mandate a new approach: they hold some of your most personal and confidential information. Digital assets include ANY online account that requires a login and password such as email, online bill-pay, shopping sites, PayPal, eBay, travel rewards as well as apps, subscriptions, podcasts, photographs, music, and social media sites.



The DCS service helps assure that (1) your family promptly recovers the points or other monetary value you may have accumulated, (2) any recurring charges are stopped promptly on your death, and (3) that your accounts don’t remain open and unattended...the perfect target for online thieves.

Password sharing compromises your privacy and if your family uses your passwords it can

“The sane among us recognize that in a free society, income is neither taken nor distributed; for the most part, it is earned. Income is earned by pleasing one’s fellow man. The greater one’s ability to please his fellow man, the greater is his claim on what his fellow man produces.”
- Walter Williams, economist

actually be a criminal offense!

DCS does not collect passwords nor can they view any of your account contents, credit card expiration dates or other sensitive information. DCS only knows your account exists and protects the integrity of your information in a secure server. Go to their website (obviously!) and check them out: www.directivecommunications.com.

If you are not already enrolled in the DCS service and would like to help simplify for your family the task of collecting, closing, terminating, and securing your online “life after death”—contact us for instructions to enroll at the discounted rate provided to our clients.

Practicing Law without a License

I’ll be blunt: something that is very frustrating to your professional team here is the bad advice that our clients get from people who are unqualified to give it.

We don’t blame you, of course. You respect your bank teller, the admissions clerk at the hospital, your insurance agent, and the administrative assistant at the investment firm. They are nice people and have good intentions. But *they are not estate planning lawyers* and should avoid giving legal advice!

They do not understand your estate plan. Do not listen to them when they advise you to name a beneficiary on your bank account or annuity, or how to fill out a pre-printed Living Will or Health Care Power of Attorney form.

You came to The Estate Planning Center because of our commitment to legal counseling: helping you consider all of your options and how best to achieve your goals. We helped you write documents to accomplish your goals. Your plan assures that the assets will go to whom you want, when you want, the way you want, with your wisdom and life experience.

If you put joint names or individual beneficiary designations (TOD or POD) on accounts, or you fill out form health care documents, you nullify the thousands of dollars you have invested in your estate plan. Don’t do it. If in doubt, call us. *Curt*

Fund-amentals

As usual, I want to touch base on a few things that some clients need reminders on.

Please review your **Asset Review Report** and make the necessary changes and return the corrected **Asset Review Report** and Carma and I will update your reports. When you come to the **Annual Family Reunion™** you will get your updated **Asset Review Report**.

Please send in paperwork for any new asset you may have acquired for **Red Check Review™**. If you need help on what is needed for verification, the green sheet has some tips. If that isn't clear enough, take a look in your **Client Organizer™** behind Tab 4 for **Red Check Review™ Requirements**.

Please call me or Carma if you need help or have any questions. Verifying that your trust is fully funded, and ready to give your estate to your beneficiaries in the way you planned when the time comes—*without probate, of course*—is our **Red Check Review™** service to you. You can mail, fax or email Red Check paperwork to me any time.

Your **Asset Review Report** should match your Red Check paperwork located in your Red Book behind **Trust Transfer Documents Tab**.

When selling or trading in your vehicle titled in your trust you will need a copy of your Certification of Trust (Black Clip in Red Book). The State will need proof of who the Trustees are since they can be changed and if it is still in force.

Here are a few items especially for Farmers:

Question: I don't have a corporation or LLC for my farming business, just my living trust. When I sell grain does the check need to be written to my trust or me personally?

Answer: If you have an account at the elevator, and grain is stored for you, you want that account to have your trust name on it. On the other hand, if a check is issued to you personally that won't create a problem...as soon as you get it deposited into your trust checking account it is in trust.

Grain stored on your farm is “funded” by your Bill of Sale (in your Red Book, the document we prepared for you to transfer all your farm inventory, equipment, etc. to your living trust) but grain stored off your farm such as the elevator is not. This is why the elevator account needs to be in the name of the trust that owns the grain.

Crop Insurance: Your Crop Insurance needs to match the name on the deeds of your farm ground (your living trust, unless you have an LLC that owns your land, as a few clients do). Please check with your insurance agent about the rules of that insurance company. If your insurance pays to the Landlord (land owner) does your policy match?

Funding may not be fun but it is necessary. If you are one who is frustrated at times by the tediousness of funding, remember: *failure to properly title assets is the number one reason for estate plan failure*. In the world at large, when people create living trusts and the law firm does not make mutual commitments with the clients to keep assets titled as they must be, this tedious part doesn't get done! You invested a lot of time, effort, and money in establishing a plan to control, distribute and protect your estate: we just want it to all work for your family!

May you all have a Blessed Christmas and a Prosperous New Year!

Sherry



You, your Beneficiaries and your Helpers will be less stressed if everyone involved has some preparatory education, available through our on-line **Family Education Programs**. Anyone who has not attended programs in person can—dare I say *should?*—go to the **Client Resources** area of our website and watch the video recordings. The latest (online by year end) is **Empowering Your Inheritance™**, explaining 'School Bus Trusts' to your beneficiaries.

Mugs getting dingy?

The LifeSpan™ coffee mugs in our office (like we've given clients for years) get daily use. We were a bit concerned that they were becoming irreparably coffee-stained. But a bit of bleach water took care of it! Just a tip to keep your favorite mugs looking good for many more years!



Need a Power of Attorney?

What will your children do and say if you get ill and they have to step up to the plate and help with your health and financial decisions? Will they call an attorney, and ask:

"My mom is going into the hospital and I need to get a power of attorney for her. How much will it cost to prepare a simple power of attorney?"

It amazes us how often this sort of phone call happens...even at our office. Of course, if the mom has become disabled such that she cannot safely handle her own finances and make her own competent medical decisions, it is too late to "get a power of attorney" for her.

If your family calls and asks this sort of thing, *we know* they have not been paying attention! *We know* they have had very little communication with you about your plan. *We know* they have not participated in the education programs we made available to them.

Because, of course, you already have thorough, detailed power of attorney documents, and more importantly for finances, you have a fully-funded living trust, and these documents (with a bit of legal counsel) provide a seamless transition for your family to step in when that time arrives.

Department of Education

Deck the Halls Everyone! Can you believe Christmas is just around the corner?! Perhaps, if you need a break from all the festivities, you can fix a cup of hot chocolate, and rest a bit while you read some of my thoughts and reminders that you may find helpful:

Of course, we love having you and your families attend our Family Education Programs™ in person, and we do our best to offer them on a variety of dates and locations so you have options available. If you or your Helpers have not been able to attend in person, please take advantage of our on-line programs. As your Education Coordinator, I want to encourage you to give our website information (with username and password) to your Helpers, and you may decide a refresher is good for you as well!

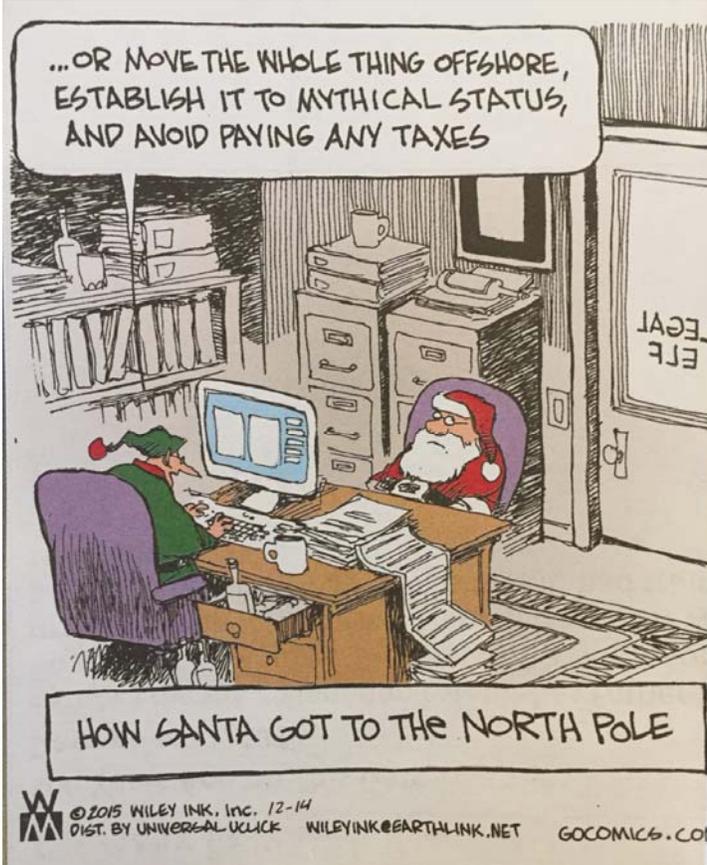
- 1) You may at times feel overwhelmed by the amount of mail you receive from us, but as you recall from an earlier newsletter article, ALL correspondence from the Estate Planning Center has a purpose. If you have made a reservation to attend any of our programs, you will receive a confirmation letter about two weeks prior to the date. The letter will include the date, time and location. As a reminder, on occasion, we have had to move the location due to logistics, so please verify by reading the confirmation you receive.
- 2) I know we give our clients LOTS of information, so please do not hesitate to contact me by phone or email if you ever have any questions or need assistance. I am more than happy to help.

For the clients Sam and I have assisted through the Settlement Process, I know this Christmas will be different. I will be thinking of you and pray that you will have peace and sweet memories of your loved ones.

Remember Jesus is the Reason for the Season. From my family to yours, MERRY CHRISTMAS!

Gayla

"Be the things you loved most about the people who are gone." – Anonymous



Management Musings

Joyful Greetings this Christmas season! This season I choose Joy and Peace as my daily attitude. It's amazing how your decisions affect everything!

I have some important reminders for you.

- 1) When we are having a workshop in Salem, but away from our office, we post a sign on our door with the workshop location. Forgot your confirmation letter that was mailed to you? Go by our office and check the sign on the door.
- 2) Do you remember **Docubank®**? It's that service we provide with your LifeSpan™ membership to assure your health care directives are available to you 24/7! Be sure you take advantage of this service any time you need your Health Care Power of Attorney and/or Living Will. It's super easy and fast! First thing you have to do is LOCATE YOUR CARD (hopefully it's in your wallet). Be sure you know where it is so it will be handy when you are looking for it the next time you need your health care directives. If you cannot find it, let me know and I'll get you a new one...if you promise to put it in your wallet as soon as it arrives in the mail.
- 3) For our Client workshops, I'm working with Curt to provide quality information to you in a structured format, but with a shorter presentation and better breaks. Hopefully you'll find the upcoming programs you attend are better than ever!
- 4) Snow is pretty-even if you hate it—you have to admit—IT.IS.PRETTY! Ok, so I just snuck that one in here to see if you are reading this.

Sarah

"I pray that when my time comes I may not grumble that my body has worn out too soon, but hold on to gratitude that I have been so long at the helm of the most wonderful creation the world has ever known, and look forward to meeting the designer face to face." - Dr. Paul Brand

Vehicle Titles

We continue to recommend, for the best possible results, that all vehicles be funded: owned in your living trust rather than in your own name or joint names. However, for those of you who have an unfunded vehicle (or two or three) we have decided to stop nagging you about it. The advantage of being funded may not be worth the \$100 or so that Illinois charges to re-title it.

However, *when you buy or trade for another vehicle, the vehicle you acquire should be funded...titled in your trust.* There is no extra fee to the state to do so, so there is no excuse not to! Use the sample title application form in **Tab D** of your **Client Organizer™** for the proper wording.

Remember this, too: when you sell or trade a vehicle that is titled in your trust, take your Certification of Trust (Black Clip in your Red Book) with you. It provides proof of the Trustees' authority to sign off on the title transfer.

No Complications, Please

CLIENT: We want to save taxes and don't want the survivor of us or the kids to be able to lose the estate, and we *don't* want it to be complicated...

ATTORNEY: Ok, that will be really easy. I'll fix up a plan giving your estate to charity.

CLIENT: Well, we want the spouse to have the money, and someday pass it on to the children!

ATTORNEY: You just introduced the first complication.

from Scot Gunderson



Backdoor Roth IRA contributions

Under current law, higher-income individuals are not permitted to contribute to a Roth IRA. The limit for single filers is \$135,000, and \$199,000 for married couples with a joint return.

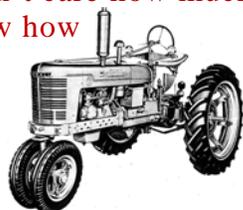
However, a work-around is available. Big earners are allowed to make non-deductible contributions to traditional IRAs. The traditional IRA may later be converted to a Roth IRA, and there is no income restriction on the conversions.

The IRS generally is not happy when a taxpayer uses a series of steps to get around limitations in the tax code. However, this particular strategy has been implicitly blessed by the Congress. The Conference Report explaining the Tax Cuts and Jobs Act includes this footnote: "Although an individual with [adjusted gross income] exceeding certain limits is not permitted to make a contribution directly to a Roth IRA, the individual can make a contribution to a traditional IRA and convert the traditional IRA to a Roth IRA."

Source: First National Bank Trust Update, Sept 2018

"I believe that people don't care how much you know until they know how much you care."

Richard H. Ferguson
12/1/36 – 12/24/2008



Gifts That Eliminate Capital Gain Tax

Taxpayers in the lowest bracket pay no federal income tax at all on their capital gains. If you make gifts to children, grandchildren or other donees who are in the low tax brackets, and if you would like to cash in some low-basis stock, try this. Say you want to give your grandchild \$15,000 to help with the down payment on a home. Instead of cashing in the stock yourself, give the grandchild \$15,000 worth of such stock. The grandchild sells the stock, recognizes the gain, but pays zero tax because they are in that low bracket where gains are tax free.



**Like us on
FaceBook!**

We can hardly believe it! We finally got Curt to let one of us set up a **FaceBook** page for **The Estate Planning Center**. Check it out!

This should be a simple way for our clients who are FB users to stay connected with what is going on here. We post three or four announcements each month: reminders of events coming up, articles our attorneys have written or programs they taught, that sort of thing.

In order to set up the business page, we had to set up a page for Curt. *Surprise him by asking to be his friend...*he hardly knows how to accept!



Empowerment: "Help with a down payment on a reasonable mortgage is probably better than buying your kids a house (or a car, or a stock portfolio, or regular cash infusions). You want to give them the tools to build a prosperous life, but if you subsidize the life itself, they'll end up building lives they can't really sustain without your help." - Megan McArdle

Tax Cuts and Jobs Act: Report

As Ronald Reagan said, "Balancing the budget is like protecting your virtue: you have to learn to say 'no.'" Profligate federal spending will make our national economy as awesome as, say, France. Or Italy. Or Greece. Or Illinois.

The official revenue scoring of the Tax Cuts and Jobs Act last year by the Joint Committee on Taxation may be found at JCX 67-17. The individual tax cuts were projected to lose \$75.3 billion in 2018 alone, the business tax reforms \$129 billion, but the international taxation reforms were expected to gain \$68.9 billion.

The net one-year decline in revenue was forecast to be \$135.7 billion.

The final tally for the 2018 fiscal year is in, and it turns out that federal tax revenue did not fall; it rose compared to 2017, reaching \$3.329 trillion, some \$14 billion ahead of 2017's \$3.315 trillion.

Strictly speaking, these numbers are not directly comparable, because the Joint Committee on Taxation's projections were not against the 2017 actual experience but from the higher baseline of expected revenue from continued slow economic growth. Still, few people believed that tax revenue would be higher in absolute dollar terms following the TCJA enactment.

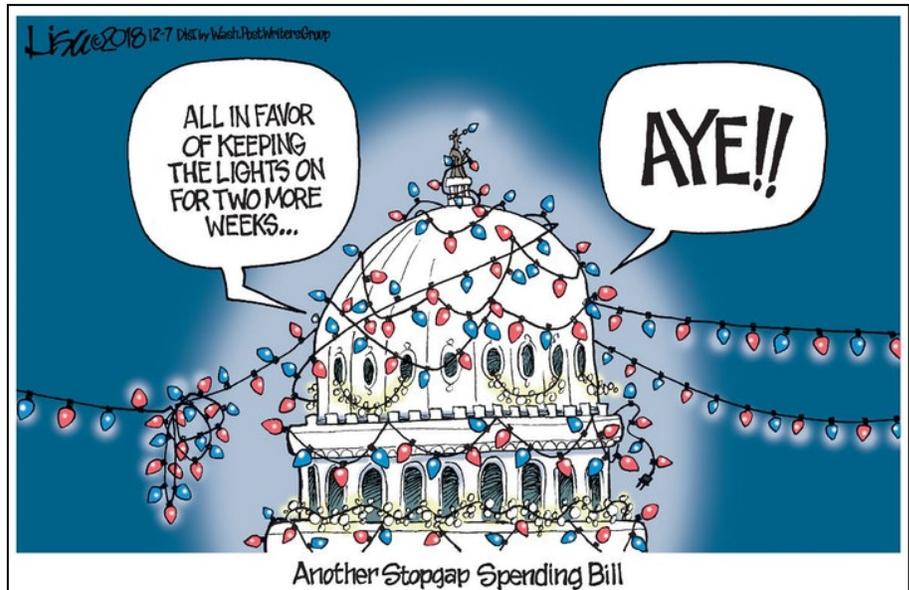
— *Mnuchin And Mulvaney Release Joint Statement On Budget Results For Fiscal Year 2018,*

<https://home.treasury.gov/news/press-releases/sm522>

"Does it make sense to pray for guidance about the future if we are not obeying in the thing that lies before us today? How many momentous events in Scripture depended on one person's seemingly small act of obedience! Rest assured: Do what God tells you to do now, and, depend upon it, you will be shown what to do next." - Elisabeth Elliott

"THE ACCUMULATED EVIDENCE OF HUMAN NATURE TELLS US THAT THE ONLY IMPROVEMENT THAT LIES WITHIN OUR CONTROL IS THE IMPROVEMENT OF OURSELVES."

—BRITISH PHILOSOPHER ROGER SCRUTON



LLC Updates Advised

Illinois has amended the business organizations statute multiple times in the last two years. We have some recommendations for you.

If you have a Limited Liability Company, *now is a good time to update* your Operating Agreement. All clients who have retained us for business entity maintenance services are getting updated Operating Agreements this year. Our recommended updates include, for example, better protections against creditors and divorce, better privacy protection, and more flexible record keeping (minutes and meetings by email, Facetime, etc.). If you have not retained us for routine maintenance of your LLC, we suggest that you hire us to update your LLC documents at least this one time.

Also, if you are doing business in any general partnership, it can easily be converted to an LLC. We urge you to hire us to make such a conversion. **General partnerships expose you to a lot of risk that can be practically eliminated with the LLC.**



The More Things Change...

With the holidays upon us, family harmony is certainly at the top of people's minds. As the family gets together, take this opportunity to observe the dynamics. Are all the kids getting along with each other? Are there subtle changes in their interaction with one another? Do years-old grudges sometimes rear their head with a little more frequency? Do some appear to feel that they've been treated differently than others for one reason or another? Maybe one of them is pre-occupied with problems handling money (and thus, probably should not be a Trustee someday)? The clues are often very subtle—particularly while you are alive and well, and in the room!—but listen and watch for them. Chances are, you know your family pretty well, and will know if something is brewing.

Laws and planning techniques change; we keep you up on all that. But over time, people change, and these changes alter the way they interact and relate with one another. Sometimes changes are a good thing and just have a way of becoming the new reality...sometimes not. These changes are the types we tend to remember: the types that end family gatherings, lead to divorces, cause smoldering distrust or resentment within the family, and just generally disrupt what used to be loving relationships. In short, they can lead to a plan that doesn't work!

As Lifespan™ clients, you know exactly what this has to do with estate planning. You may have named certain people as Trustees over your assets in the event you are disabled and can no longer handle financial transactions. Some may be appointed as agents under powers of attorney, and those Helpers will have their own functions (by the way, have each of your Helpers watch the **Disability Transitions Made Simple™** which is available on our website!). At least every other year, around July, we ask you to examine who you have in those roles. How will they interact among themselves, and with the other Beneficiaries, particularly after you're gone? Examine your

Helpers with a very wide-open eye. Double check with your Helpers and Beneficiaries: have they attended our **Family Education Programs™**—if not, it might be time to adjust the roster a bit (that may convince them to attend!). And the most important thing to watch for: could there be something simmering in your family that may one day be a powder keg? Failure to address changes in your own family can have disastrous consequences to your estate plan.

The circumstances are endless, but some examples of “personal changes” that might make someone re-evaluate things:

“Lilliene and Elowen used to get along well, but over the last few years that hasn't been the case. They probably shouldn't be trustees together anymore.”

Or, *“I had planned to leave this 180 acres to Carys and Langdon in undivided interests, but the way they are getting along these days, there's no way they'll be able to partner up after I'm gone.”*

Or, my favorite, *“Langdon used to be good with money. Now, he seems constantly burdened with debt. He will need a professional trustee when he inherits to make sure he doesn't go through it too quickly.”*

Chances are you have already done planning to protect your kids' inheritance (think “School Bus Trusts”) if something bad happens, such as a lawsuit, divorce, or illness. As your attorneys, we stay on top of the legal technicalities to make those things work. But, we do not necessarily know what is going on within your family—you do. When it comes time for new Trustees to take over (whether that be a result of disability or death), the last thing your family (or the professionals involved) needs is to referee a donnybrook when the gloves come off. Be realistic and objective when considering personal changes—these changes are as vital to the success of your plan as the legal changes (sometimes more so). If you need our counselling and input, know when to seek additional help—we are always available for a Personal Counselling Review™. *SAM*