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WEALTH PLANNING > ESTATE PLANNING

An Estate Planner's 11 Tips for the New Year

It's time for us to heed our own advice.

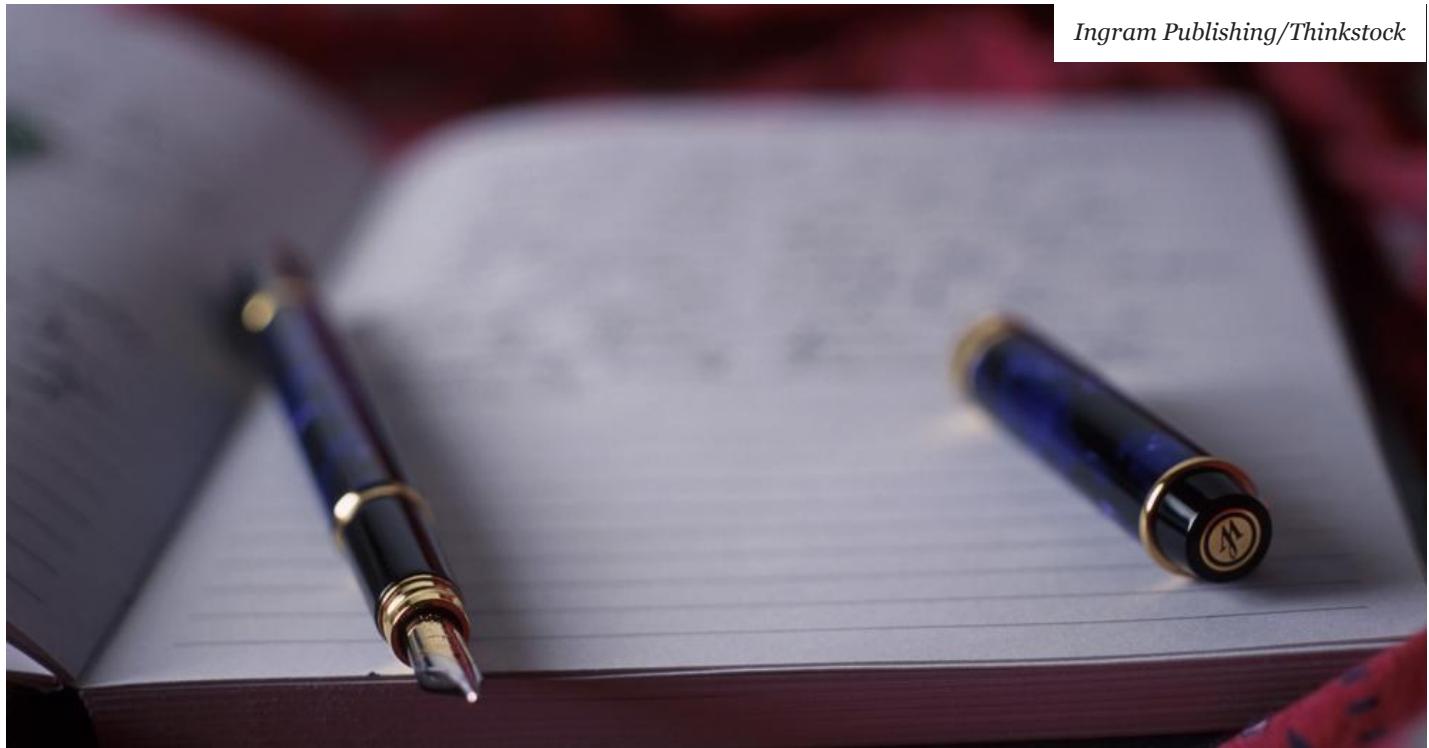
Martin M. Shenkman | Jan 18, 2017

New Year's resolutions are easier said than done right? Much like taking your own advice. So, I decided to sit down and write about the same advice I've given to my clients over the years that I could use myself. Here are 11 tips for estate planner's in 2017:



11 Tips for Estate Planners

1.



2. 1. Write the Letter

We estate planners commonly tell our clients to write letters of instruction to children and other key people informing them of information that might be critical

in the event of an emergency (for example, renew my Pilot discount card so I can continue to get my 1/2 gallon cups of coffee for \$1.19 at truck stops around the country). But, how many clients have really heeded our advice? My guess is too few, but have we heeded our own advice? Well, I for one, in this very public forum, will now embarrass myself by admitting that I haven't, but now I have to! Now you get the ulterior motive for this article! We need to write a letter to the kids documenting critical information needed to help us in an emergency, including:

- Names and contact information for key professional advisors (wealth manager, banker, CPA, insurance agents, etc.);
- location of key original records;
- how to find passwords and other key online information ;
- key medical information (names, specialties and phone numbers of physicians, location of medications lists, etc.);
- insurance summaries;
- key financial information;
- and other general instructions.



3. 2. Share Passwords

We all have so many passwords with so many variations and security questions, that it's impossible for anyone to remember them. How many variations can you create for your spouse's nicknames e.g., honeypoo1 and cuteness*? On a graver note, I read an article stating that our ability to make financial decisions declines at age 60. Ouch! In previous years, we bought an app to collect these gems called Keeper Security. While that collection helps us remember critical information, we never tackled the proverbial estate planning "Plan B." If we're in some mountain RV park out of cell range and an emergency happens, we need others to have access to our Keeper Security account. It's safe to say, that unpleasant chat with the kids is well past due.



4. 3. Buy Burial Plots

I've never been much of a real estate investor, especially if there are no tax benefits in the deal, but I guess the time has come to buy land. Make arrangements now to save your children the aggravation and stress of making a decision during one of life's most difficult times. We need to bite this bullet too. I've made initial inquiries for a place with a good view and will endeavor to wrap this one up in the near future. The details of this should go in the letter of instruction mentioned earlier.



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5. 4. Review Life Insurance

I can proudly say that I've already met with my life insurance guru to review existing term coverage this year. All five boys are out of college and four of them are married. So, we're thinking of cancelling term coverage that only has a modest duration to run and has served its primary purpose. Those premium dollars can be used to bribe the kids to participate in family financial meetings. Permanent coverage has been reviewed every few years and premium payments increased modestly to keep them on track.



6. 5. Create SLAT/ILITs

Years ago, we created plain vanilla life insurance trusts and remarkably, we're actually current on all *Crummey* powers. More recently, we created spousal lifetime access trusts (SLATs) for state estate tax, although the New Jersey repeal might make that academic, (New Jersey, my home state, has repealed its estate tax effective Jan. 1, 2018, and the federal estate tax is likely to get "Trumped") and asset protection purposes. Yes, they were structured in the manner we suggest to clients: grantor trusts, trust friendly jurisdictions, directed, dynastic, generation-skipping transfer tax exempt, gift tax returns filed meeting the adequate disclosure rules, etc. Unfortunately, the SLATs didn't contemplate owning life insurance. I've wanted to restructure the SLATs so that they're more conducive to life insurance ownership and then transfer (likely by sale) from the grantor irrevocable life insurance trusts (ILITs) to the grantor SLATs, the life insurance we'll retain after the termination of the no-longer-needed term policies noted above. This transfer will avoid the need for future annual gifts or *Crummey* notices, as the earnings in the SLATs will cover the premiums. It will also eliminate two trusts simplifying our planning and what the children will eventually have to deal with. Holding life insurance in the SLATs will also help address the mortality risk of premature death of my wife or me, a risk/issue that clients are similarly encouraged to invest in. The SLATs are, in my

view, a more robust incarnation of the traditional ILIT being repurposed to provide asset protection benefits with perhaps less risk than self-settled trusts, dynastic planning for future generations, institutional trustee protection for the decline in cognitive ability that age might bring, protection from elder financial abuse and more. Hence, I've dubbed this expansion of the traditional ILIT, "MILITs," for multi-purpose ILITs. It's also enjoyable to have another acronym to bounce around in casual cocktail conversations.



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7. 6. Set Up Grandchildren 529s

A couple of the grandchildren don't yet have 529 plans so we'll be getting those set up with some gifts to get them all on the road of college savings—even if the money is ultimately put to different use.



8. 7. Take Proper Home Inventory

Our insurance broker has been after us for a while to make a proper home inventory and have appraisals completed for collectibles and other items. Last year, we made a lot of progress in terms of organizing and collecting all of the disparate documentation on each item and photographing each separate item. All of this information is suitably backed up from our laptop to a portable hard drive and the cloud. We need to take the final step of assembling it all and having it appraised.

A small, two-story model house with a brown brick facade and white-framed windows, completely encased in clear bubble wrap. The house sits on a wooden surface against a plain wall. In the top right corner of the image frame, the credit "Martin Poole/Digital Vision/Thinkstock" is visible.

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9. 8. Review Property Casualty Insurance

I'm still carrying a six month old to-do letter from our new property and casualty insurance company. Yes, Mariya, I will get back to you as promised.

An open book lies flat on a wooden surface. The pages are white, and the text "I Stand Up For..." is printed in a bold, red, sans-serif font, angled across the pages. In the top right corner of the image frame, the credit "Copyright Charley Gallay, Getty Images" is visible.

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10. 9. Update Charitable Bequests

Time to update these to reflect charitable commitments in our revocable trusts made to The National Multiple Sclerosis Society, The American Brain Foundation and the American Cancer Society. Can I send each organization a copy of this article to hold in our file until I get this taken care of? I know that there's likely no estate tax benefit to these bequests so I will also update our durable powers of attorney to expressly permit agents to make advancements on charitable bequests.



11. 10. Revise Beneficiary Designations

We need to revise all of these to reflect the trusts for the kids under our revocable trusts as secondary beneficiaries after each other—that is, the spouse as primary.



12. 11. Schedule A Family Meeting

I've tried to orchestrate this with less than zero success. The interest level among the kids was nil. I'm going to try again this year and resort to sheer bribery — a swanky dinner. Should I introduce this topic by sending the kids a link to this gallery?

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