



Merry Christmas!
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Winter, 2007

TO DO NOW:

Plans that Work. People Who Care.™

You care a lot. We care, too. So your plan will work! It's time to renew our mutual commitments to accomplishing your estate planning goals. We appreciate the confidence you place in us by allowing us to serve you for another year. We do not take this lightly. Thank you. To assure uninterrupted and efficient services, please do the following:

1. Select the best date and location for you to *attend* an **Annual Family Reunion™** (AFR), mark the enclosed yellow renewal form, and **return it immediately with your annual membership fee** (also note the date on your own calendar so you will remember to attend!)
2. Start working on updating the enclosed **Asset Review Report™** and return it to us by January 31, 2008. Add and delete items; update the dollar values.

The **Annual Family Reunion** has become the centerpiece of our annual maintenance services. We will update the contents of your LifeSpan Client Organizer™, preview the calendar of the 'optional' activities for the year (Family Education Programs™, Technical Training Programs™, Bridge-BUILDER™ events and Community Builder™ events), provide a brief update on estate planning law, and give you practical suggestions for keeping your plan operating as it should to accomplish your goals. *You will want to be there!*

We are going to be seeking more direct feedback from you this year than ever before, to help us continue to refine our services. We want to deliver what you want with the greatest possible efficiency. *Don't miss out on the opportunity to give us your advice!*

“What to do with the Time...”

As we reflect on another year serving our LifeSpan™ clients and look forward into 2008, a quote I recently ran across keeps rising to the top of my mind:

“All you have to decide is what to do with the time that is given to you.”

Gandalf, *Lord of the Rings Fellowship of the Ring*

At the risk of sounding too dramatic, *that is* the question that we all face. None of us knows how much time we have left. Some unexpected deaths in our clients' families and among our own personal friends during 2007 made this vividly real to me. Making sure that everything is 'ready' for each of our clients becomes a clearer, sharper focus for our law firm.

Each day, it seems, we find more examples of what 'ready' really means. Obviously, we remain committed to our long-standing mission of keeping your legal documents current, making sure assets are titled to follow the plan, and pre-

training those family members who have to do the paperwork (trustee training). Yet, with

experience, we see that the plans work best if the *thinking* of the parents is being shared with the receivers...so that as they receive the financial inheritance they are more likely to be the kind of stewards that the parents would hope.

On one hand, most of our clients recoil at the thought of controlling from the grave. On the other hand, most express the *hope* that without any heavy-handed control being imposed, the next generation of adults will *choose* to manage the inheritance wisely. This is quite characteristic of the legal planning we are providing: equip the receivers with wise tools they can use to protect their inheritance, yet give them broad control over it...so much control that they can 'blow it' if they choose. Using living trust planning, including protective 'school bus' trusts for the beneficiaries, training the

Welcome **Sherry French** to our Team! Sherry has been our Funding Coordinator for almost six months and is doing a *wonderful* job!





successor trustees, and keeping things ‘legally’ up-to-date continues to serve as the core of our LifeSpan™ mission.

The more subtle (yet to some, very important) mission that has been developing in recent years is entirely different. Just last week a delightful couple with adult children and grandchildren told me that they are uncomfortable leaving written ‘rules’ for how their children could spend the inheritance. (I know that many of us relate to that feeling.) So, like most readers, their plan does not include such ‘rules’—their heirs can blow it if they choose to. However, as I shared ideas for simply engaging the children and grandchildren in meaningful conversations about ultimate life issues, the clients’ hopes and dreams, their heritage, and their ancestors, this couple brightened. That was appealing: nothing heavy handed, no lectures about right and wrong...just visiting about old times, discussing what has shaped our lives, sharing our failures and what we have learned from them, and communicating where we hope and pray our children will be spared pain and enjoy greater life success.

As the next generation sees the ‘wealth’ of wisdom gained from that old ‘school of hard knocks’ they are more likely to *choose* to be good stewards of the rest of the wealth we plan for them to receive. Laura and I were talking about the challenge of instilling the values of one generation in the next, and decided that it might be summarized this way: telling them they “gotta do” won’t last, but sharing with them *why* they will “wanna do” just might.

So how do we get such conversations started around the family gatherings? In our fast-paced world of instant entertainment, such conversations seem scarce. It takes creativity at times, something many of us would say we lack; but others have such talents. Our affiliation with the **Legacy Builder Network™** is such a source.

One idea is to be a better listener. Someone brilliantly recognized that

“Some people are easily entertained. All you have to do is sit and listen to them.”

Being interested in what your children or grandchildren have to say may be the very key to starting these meaningful conversations. Even in

listening, there is two-way communication. As we listen, we draw from the other person values that have been planted deep inside of them (by you, many years ago, perhaps), values that are reinforced by your interest.

While staying true to our first mission—estate plans that ‘legally’ work—we will continue to develop tools to help those of you who care about these ‘non-financial wealth’ issues...and by so doing we are pursuing our second mission, **Wealth Reception Planning™**.

“Human nature is not a machine to be built after a model, and set to do exactly the work prescribed for it, but a tree, which requires to grow and develop itself on all sides, according to the tendency of the inward forces which make it a living thing.” John Stuart Mill

Education Update

- Gayla Ball -

Merry Christmas! Here it is again, my favorite time of year as we celebrate the birth of Jesus. With Christmas just around the corner, my family is enjoying all the special activities such as concerts, parties, baking and of course shopping.

As Education Coordinator, I had the pleasure of seeing many of you at programs throughout 2007. It was wonderful being able to use our new office facility for some of the meetings. This year I received lots of positive comments from clients about how beneficial our continuing education programs are. After hearing this feedback from clients just like you, I want to encourage you to participate in these programs. Here is a brief reminder of the different educational programs we offer:

Annual Family Reunion™ (AFR) Offered in March & April, the AFR provides current information on our firm, the law, and other issues we believe are of concern to a wide range of our clients.

Client Update Program™ (CUP) These meetings are held in the fall, and depending on whether you are an ‘Odd’ or ‘Even’ year client, this is the program where your legal documents are updated, often replacing documents in your Red Books.

Nuts ‘N Bolts™ I & II These programs are offered to help your family understand what you are doing for them so they’ll be ready to take full advantage of it. The NNB II has been especially well received; it reviews the actual paperwork involved in disability determination and settling the trust at death.

Please keep in mind that our programs are in high demand and you should make a reservation as [cont’d...]



early as possible if you plan to attend. When we get close to a scheduled event, we commit to a location based on the number of reservations that have been made; if a rash of late reservations come in, we are sometimes unable to fit everyone in. Similarly, if you will not be able to attend after you have made a reservation, call ASAP to cancel in case others are waiting.

We also have several clients that are taking advantage of our DVD/VHS library where we keep recordings of our meetings for those helpers or clients who were unable to attend in person.

Save this newsletter in **Tab 9** of your **LifeSpan Client Organizer™** for future reference.

Please do not hesitate to call or e-mail me if I can ever be of assistance. And remember during all the hustle and bustle of the season, *Have a Very Blessed Christmas!!!*

Expanded Audio Visual Library!

Nuts ‘N Bolts I™ (2007)

Nuts ‘N Bolts II™ (2007)

Annual Family Reunion™ (2007)

Truth About Estate Planning™ (2007)

Technical Training Program™ (2007)

For check-out, we charge \$5 shipping & handling, and with each checkout you get a copy of the handouts. Helper Handbooks are only given out in person. If you would like to *purchase* the video (i.e. to circulate in your family) our supplier charges \$20, delivered to you with handouts.

LifeSpan Meeting Reminders

Remember these tips when you are coming to a LifeSpan™ program:

- If Curt is teaching, the room will probably be cool. Bring a sweater if you're cold-natured!
- We will serve light snacks only...unless we specifically tell you that there will be a meal.
- Bring **Red Books** only to the **CUP**; bring your **LifeSpan Client Organizer™** to all events.
- Helpers with a **Helper Handbook™** should bring it to any meeting they attend.
- Reservations are required. Be sure to let us know if you are coming!
- If you don't know the meeting location, *come to our office at 919 West Main*; we post a sign on the door.

www.TLCPlanning.com

Be sure to add our website to your “favorites” on your computer web browser. We continue to find ways to make this website useful to you, your family and friends.

The menu works like an outline, so start by clicking on a topic that interests you (the list on the left side of the screen) and out to the right will pop sub-menus of pages you might want to read.

For you, note that you can update your **DocuBank®** information from the “Links” page on our website! Call Sarah with any questions you have.

You can also check on upcoming dates of our **Educational Programs**, which we post soon after we schedule them. (2008 AFRs should be up by now!)

For anyone interested in coming to our **introductory workshop**, there is now a one-click link to the list of upcoming Truth About Estate Planning™ workshops. This remains the entry point for anyone who wants to be a client, so if your family or friends show interest, point them to the schedule on our website!

Funding...a good start: Over the years, many of us are tempted to wonder why we can't be 'done' with our estate planning, especially when you first get all of your assets titled to your living trust name. I think Winston Churchill accurately described that point in the estate planning process, when he said: *“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.”*

Funding Forum

- Sherry French -

For those of you who I have not yet met, my name is Sherry French and I am the Funding Coordinator at The Estate Planning Center. I have been here since July and am looking forward to meeting everyone and working with you.

If you sent us **Red Check Review™** material after December 1, it may not be reflected in the enclosed **Asset Review Report**. I apologize, but we simply had to set a cut off date so we could get hundreds of reports out!

Please write any changes in values, cross out any asset you no longer own, and add any new assets you acquired.

My goal is to help you *get* your trusts fully funded and then help you *stay* fully funded as your assets change. I need your help. We have to work as a team! There are lots of privacy laws that keep me from getting [cont'd...]



information from your advisors and/or financial institutions.

1. When your asset is not ‘verified’ we can’t tell whether it is funded to your Living Trust. It is ‘verified’ when you have provided us a copy of a statement, deed, title, etc., showing that the asset has been transferred into your trust name or your beneficiaries have been set up correctly. This is necessary so that we will know your trust will work for you!
2. One specific funding issue that might cause confusion is when companies send you an application that we sent them, but there is no signature from the company indicating that the requested change *was made*. We need something in writing from the company showing the requested change has been completed. I know this can be frustrating, but this is part of the ‘fun’ of funding. ☺
3. When I send you a Funding Verification Report, I want to make sure that you understand the \checkmark and x . The \checkmark means the asset is verified. The x means that it is un-fundable; it can’t or shouldn’t be funded for some reason.
4. When you acquire a new asset, look in your LifeSpan Client Organizer™ (Black Book) in **Tab 4**. There you’ll find instructions to give institutions on how to title your new assets.
5. Keep sending us documentation of your new assets for **Red Check Review™!**

As always, feel free to give me a call if you have any questions. That’s what I am here for, to help you!

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

"Maturity is achieved when a person postpones immediate pleasures for long-term values."

Joshua Liebman

Notice!

Odd-year clients who skipped the CUP

If you did not attend the Client Update Program™ this past fall, *you missed getting an Estate Planning Review Worksheet*. This document is a summary of your plan, and can be a quick-reference tool to keep you tuned in to the most critical elements of your plan (rather than going back through the whole Red Book!) *[more...]*

Also, as an odd-year client, *you missed* the review of the **Design Template**, a 2 or 3 page visual summary, with brief notes, boxes and arrows illustrating key legal provisions of your estate plan. Clients who were new in 2005 or later were given a Template at the time their plans were created. Since clients have indicated that this is a very helpful visual aid in understanding their plan, those whose plans were created before that were given templates during the 2007 CUP meetings, and Curt went over a sample Template on the overhead so everyone could understand their own.

Vanguard Investors

In late July the Vanguard group sent 170,000 customers a form letter innocuously labeled: "Change in beneficiary policy will help you simplify your planning." A more candid heading would have been: "Warning! *To simplify our records we may change who gets your IRA.*"

Vanguard decided that, as of mid-September, it will require customers to use identical beneficiaries for all IRAs of the same type. All your IRAs holding money rolled from employer pension plans would be one type and must have the same beneficiaries. Traditional IRAs, both pretax and after-tax, are a second type. Roth IRAs are a third.

If you had different beneficiaries named for separate IRAs of the same type or different beneficiaries for different mutual funds within a single IRA, Vanguard will apply the *last* beneficiary form to all your IRAs of one type—unless you contact Vanguard and direct otherwise. We recommend that you contact Vanguard immediately and ask them to tell you, in writing, who is the currently-listed beneficiary (primary and contingent) on each of your IRAs. Send the written papers you get to us to review so we can make absolutely sure that Vanguard has not changed something from what we recommended is “verified” in your funding reports.

While Vanguard as a company caters to people who want to invest directly—i.e. without a local advisor—to try to reduce your fees and expenses, it is this sort of “service” that can cause serious problems.

Taxes, Taxes & More Taxes!

Estate Tax Stats:

Estate tax revenue stayed relatively stable during a large drop in the number of estate tax returns filed for 2001 through 2005. Estate tax revenue slipped only from \$23.5 billion in 2001 to \$21.6 billion in 2005, and changed little as a percentage of total revenue. *[cont'd...]*

The number of estate tax returns that were filed, however, plummeted 58% between 2001 and 2005, from 108,000 to just 45,000.

Estates with less than \$1.5 million in assets paid a relatively small share of all estate tax. The percentage of total estate taxes paid by the largest estates steadily climbed from 2001 to 2005.

Revenue from Federal estate and gift taxes has (with a few exceptions) generally lingered between 1% and 2% of Federal budget receipts since World War II.

(info from Scott Hamilton of *InKnowVision Institute*)

Rumored Death of Death Tax is Premature:

Currently, the federal estate tax exemption is \$2,000,000. If nothing is done in Congress about the estate tax, in 2011 the tax will return to its form prior to June of 2001: the exemption will drop back to \$1,000,000. Each year there has been talk, but each year nothing gets done.

Sen. Jon Kyl introduced legislation earlier this year that would have raised the estate tax exemption to \$5 million and would have tied the estate tax rate to the capital gains rate (15% instead of the current 45%) except estates over \$25 million would be taxed at 30%. Legislation similar to the Kyl amendment came close to passing in 2006.

As Conrad Teitel joked at the recent Senate Finance Committee hearing to discuss the estate tax, "putting off decisions until Congress acts can be hazardous to your wealth." (November 14, 2007) According to press reports, a straw poll of panelists and lawpersons appeared to settle on an exemption figure of around \$4 million, indexed for inflation. More talk. Still no action.

Finance Committee Chairman Max Baucus said that current congressional dynamics are such that he must wait until 2008 to begin looking at estate tax adjustments; but he *doubted that any major changes would come before 2009 or 2010*. Well, we've waited this long, what's another couple years of uncertainty? (Just another election!)

The "death tax" has sometimes been portrayed as taxing *again* wealth that has for the most part already been taxed once or twice while being accumulated. The 2001 Tax Act was to spell the death of the death tax. The election of 2008 could well spell the death of the death of the death tax!

A Growing Dependence on Top Earners:

The 16th Amendment birthed an income tax that now seems quaint. Affecting less than 4% of Americans, the 1913 law began taxing incomes above \$3,000 at a rate of 1%, and capped out at a highest marginal rate of a whopping 7% on the largest incomes. The needs of the government were small, focused on national defense. Briefly expanded during WWI, the tax shrunk quickly after the war. Only 5% of Americans paid income tax in 1939, but this was promptly expanded to encompass 75% of Americans during WWII. After that war, neither the government nor the tax retreated.

In 1986, tax rates were slashed for all taxpayers, but went down much more for those with lower incomes than for those with higher incomes (65% reduction for those making \$10,000 or less versus a 2% cut for those making \$200,000 or more). The 1990 and 1993 tax hikes focused on high incomes, and (like 1986) the 2001 tax cuts reduced taxes more for the lower earners than for the higher incomes.

By 2006, over 70% of income taxes were paid by the top 10% of taxpayers, while the bottom 50% of taxpayers paid -0.3%...yes, *less than 0%*. A bipartisan Tax Reform Panel stated that the lowest 50% "actually receive more in refunds from the federal government than they pay in income taxes and, as a result, have negative income tax burdens." Note that this is actual 'tax refunds'—this does not refer to any sort of welfare benefits, aid, assistance, etc.—they get a 'refund' of part of the taxes paid by others.

This concentration of taxation on a small percentage of the highest earners leaves our country in a precarious position, as evidenced by the stock market downturns of 2000-2001 that yielded dramatic drops in tax revenue.

As a larger majority of the voting population is sheltered from the personal impact of tax legislation (they pay none) and separated from the results of positive economic policy (their income is fixed and in many cases directly from the government) we could be caught in a virtually irreversible political trend. Alexis de Tocqueville, the French philosopher, once warned: "*America will last until the populace discovers that it can vote for itself largesse out of the public treasury.*"

Are we there yet?

(statistics from article by T.J. Young, *Human Events*, 10/25/07)

"Nothing is more essential...than that all persons employed in places of power and trust must be men of unexceptionable character." Samuel Adams

The Last Word

- Sarah Rupe -

Amongst the hustle and bustle, I hope you have a Blessed Christmas Season! As the Client Services Coordinator *aka* Office Manager, there are a few issues I want to bring to the forefront:

1. **We have a new address!** We periodically receive mail addressed to our old street address and/or PO Box. We are only receiving mail at our new location: 919 West Main, Salem, IL 62881. **We are no longer using the PO Box.** I realize some clients may just pick up an old piece of mail and use that information, but please discontinue doing that.
2. Don't forget to utilize the **Docubank®** service that is provided to you at no additional charge! Put this card in your wallet/purse so that it's handy if/when you need it. A good place in your wallet is near your driver's license and/or insurance card. Also, don't forget you can change any of your personal or your primary contacts' information over the phone or online. Let me know if you have any questions about this service.
3. One financial issue I need to mention: we try to keep our annual service fees as low as possible, and, in order to do that, **we need your help!** When we send you something in the mail that requests a reply, please do so promptly. When we ask you to sign up for an AFR or CUP (the 'mandatory' workshops), please do so promptly. If a team member has to make numerous attempts to follow up with you, it increases the workload and will consequently increase your annual fees. Your annual fee is not a money maker for us and to be truthful, we barely break even with the services we provide for that annual fee. Please help us keep our fees low by responding as I have requested. Thank you!

If there are any service issues that have rated low on your satisfaction scale, please, please let me know! I will be happy to work on your situation and get anything 'fixed' that can be. We would much rather hear it from you than someone else who heard it from you!

Lastly but possibly the most important, I want to thank you for your *gift of referrals*. We value

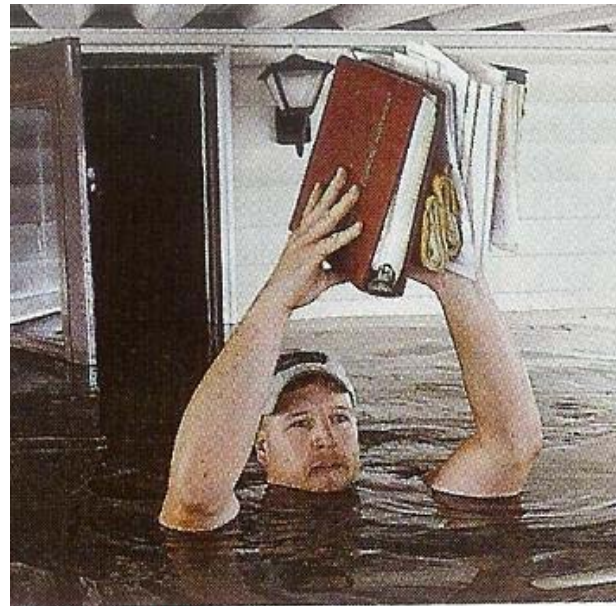
each referral that you give us! We have been delighted to work with each and every one of you throughout your estate planning process and look forward to seeing you each and every year! So, when we receive referrals of great people like yourselves, we are just thrilled!

As you may recall, the first step for anyone in our estate planning process is to attend one of our *free Truth About Estate Planning™* workshops. Call anytime or visit our website for dates of upcoming workshops. Reservations are required:

Call 618-548-3729 or 866-900-2878

Worth 1,000 words!

See anything familiar? A National Network attorney from Kansas had a client involved in the flooding last summer. Our suggestion, though: *don't risk your life to save a document!* (We can recreate the documents from our file and computer copies!)



FREDONIA, KANS.

Midwestern floods engulf homes

And finally ...

"Every day you meet a delegation going to some convention to try and change the way of somebody else's life."

Will Rogers