



Winter, 2016-17

## WHERE YOUR HEART IS SET

Estate planning can be a depressing topic. It can inspire thoughtful introspection. It may provide motivation for life adjustments. For many people it is an exercise in values-clarification, as it presses you to think about what is truly important.

During an Empowered Legacy Session™ appointment recently a client voiced a thought that many others have said in similar words. This couple lives a modest lifestyle which comes right from the pages of that famous book, *The Millionaire Next Door*. The wife was commenting on how blessed they feel, and that at a recent family reunion, a grandchild asked, “Grandma, are you rich?” She carefully replied, “**We could have anything we set our hearts on.**” As she relayed this story to me, in an unusual flash of insight, I replied, “Actually, you do.”

The conversation with this grandchild was at a family gathering attended by all my clients’ descendants. Their children get along and share the clients’ values. Their estate consists of a significant amount of land, which they consider the greatest of all investments.

Although she meant to communicate something a bit different, her statement struck me as reflecting an incredible truth. They have a close family, a continuing faith, and the financial security that comes with farmland because these are the things on which they have set their hearts.



**They have what their hearts are set on.**

It seems to me that this is a truth of life. Whether it is ice cream, or a vacation, or money in the bank, or passing pleasure, or houses or lands, or a loving marriage, or a new car, or close friendships...by and large we get whatever we set our hearts on.

### **Renewing Commitments: TO DO LIST**

Your renewal packet includes your Asset Review Report, yellow renewal form, and 2017 invoice. To assure uninterrupted service from your LifeSpan™ Team, be sure to:

1. 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 20, 2017 (if you pay after January 31 go ahead and add the \$25 late fee).
2. Start working to update the **Asset Review Report™** (ARR) and return it to us by January 31, 2017. 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 **lime-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. More dates are offered this year than ever before, so make it a priority on *your* calendar!

Of course this is not a new truth. In the most famous sermon of all time, Jesus is recorded to have said it this way: “For where your treasure is, there your heart will be also.” (Mat 6:21 NET).

It’s Christmas time, a wonderful time for contemplation. What do you have? Perhaps that is evidence of what your heart is set on. Are you fully satisfied? If so, consider your life blessed and successful. If not, then thoughtfully consider how you might re-set your heart.

*Curt*

**“A man who views the world the same at 50 as he did at 20 has wasted 30 years of his life.” —Muhammad Ali**

### A Necessary Evil

As Thomas Jefferson so eloquently put it, "The natural progress of things is for liberty to yield and government to gain ground." Ironically, the very government that we empower to do our bidding against our neighbor ends up being the government that becomes our master.

Disagree? Keep in mind that when the 16th Amendment (the income tax) was proposed, its proponents promised that it would only affect the very rich. The bottom bracket was a 1% tax on income over \$20,000 (\$488,341 in 2016 inflation-adjusted dollars) and a top bracket of 7% for income over \$500,000 (\$12,208,535 in 2016 inflation-adjusted dollars). It was a way, its proponents argued, to make the rich pay their "fair share" (sound familiar?). Yet in a very short time, the rates went up and the entry point for the bottom bracket went down, eventually capturing many more Americans in its web, and creating the IRS, possibly the most feared institution in American government, with the power to ruin your life and take everything you own.

Government is a necessary evil. As [another] Founder, James Madison, argued in Federalist No. 51, "If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place, oblige it to control itself."

Thus, individual liberties are safest when government is smallest, and when the power of government is closest to the people. As constructed by the Founders, the vast majority of government is enacted at the local and state level, with only a small portion belonging to the federal government.

—from the *Patriot Post*, November 30, 2016

### Hello From The Southern Side

If you haven't been in the office in the last few months, the next time you come in you will, I hope, see a new smiling face. I was a school teacher for 27 years, and loved my job, but over the last few years I started feeling like I was ready to move on. Enter Illinois. About three years ago, I started spending my summers off here in Illinois with friends. I was introduced to the good people at The Estate Planning Center, and it wasn't long until Curt asked if I could help out at the office a few days a week. I enjoyed the work, but, when you only work in the summer time you learn just enough to become a little curious as to what really happens at the Estate Planning Center. My curiosity got the best of me and when I was given the opportunity to join the team I accepted.

While working in the summer, when it was time to go back to my home in Florida, many times I was told I was leaving too early. A few months ago, I found out why that was said, when I experienced my first "CUP" (Client Update Program™) season. It was a busy time; but I enjoyed learning the ropes and seeing how smoothly a busy time at the office can run with a team that works well together.

When asked if I miss teaching, my answer is always, "I miss the kids, but not the classroom." When asked if I'm glad I've made the move to Illinois and The Estate Planning Center, I say, "Without a doubt, I'm at the right place." In the spirit of full disclosure, however, I will add that this girl, who has never before lived a day north of the Mason Dixon line, is not looking forward to the snow and learning to drive in it. So if you think of me, send up a little prayer on my behalf.

The newest member of the EPC Team,

**Gaye Armstrong**



## How Do Rich People Think?

We recently saw this brief review of a book by Steve Siebold, *How Rich People Think*. It has some inside information that may surprise some of our readers. Herewith, a selection of eight points:

1. Rich people believe wealth is a right, while the average person believes being wealthy is a privilege.

2. Rich people believe starting a business is the fastest way to make money, while the average person believes starting a business is risky.

3. Rich people believe the wealthy are more savvy, while the average person believes the wealthy are smarter.

4. Rich people believe building wealth takes a team, while the average person believes building wealth is an individual effort.

5. Rich people believe making money is simple, while the average person believes making money is complicated.

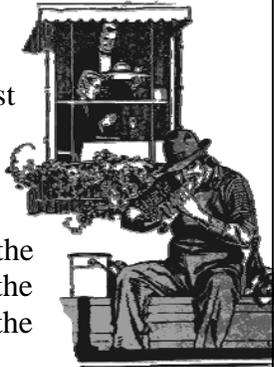
6. Rich people believe money is earned through thinking, while the average person believes money is earned through time and labor.

7. Rich people believe money is liberating, while the average person believes money is controlling.

8. Rich people believe in working for fulfillment, while the average person believes in working for money.

- from Dwight Erskine

"The Founding Fathers knew a government can't control the economy without controlling people. And they knew when a government sets out to do that, it must use force and coercion to achieve its purpose. So we have come to a time for choosing."  
Ronald Reagan



## Department of Education

Merry Christmas, everyone!! I absolutely love this time of year! I hope you and yours are looking forward to celebrating Christmas and the birth of our Savior as much as I am. Here at The Estate Planning Center the tree is trimmed, and the Christmas music is playing!



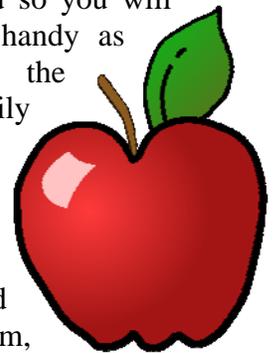
As 2016 winds down, and we are planning and scheduling all of our workshops, meetings, and events for 2017, I would like to take this opportunity to review and share a few reminders with you for next year.

Reservations for all of our programs are on a “first come first served” basis whenever limited space is available. You must make your reservations as soon as possible if there is a specific date or time that works best for you.

Remember, if you have a program reservation, you will always receive a confirmation letter approximately 2 weeks prior to the event, with date, time, location, etc. Due to the fact that we use different venues for meetings, keep this confirmation letter with you so you will have the location address handy as you make your way to the program! Annual Family Reunions™ in particular are going to be held at some new locations this year.

Your helpers are more than welcome to attend programs that pertain to them, but please be sure to make a reservation for each and every one attending with you. Due to limited seating and material preparation, I must know exactly how many will be attending.

Also, to our “ODD” year clients, 2017 is your year to attend a Client Update Program™ (CUP) in the fall. Keep in mind it is very important that both trustees are present to sign the updated documents.



The following are some “words of wisdom” from a client that explains why this is:

*Gayla and Co.:*

*Thank you so much for your help recently. Because of work, my husband was unable to attend the CUP meeting - a move he decidedly regretted. Fortunately, with your help flagging all the docs that needed to be signed AND witnessed/notarized, we got everything done, but it wasn't easy. We had to find a notary public who could meet us on the weekend. Then, we prayed we didn't lose any little flags on the pages! Once everything was signed, we realized we had overlooked a couple of places to be initialed, so that had to be addressed. Of course, then I had to copy everything that we signed for your files, make sure it got back in the Red Book (in the proper places!), and send said copies to you—nothing overly difficult, but it did take some planning and time (which is at a premium these days!). As careful as I was, I still missed copying one of the pages to send! After all was said and done, my husband remarked that next time he will be sure to take off work to attend—it is SOOOOOO much easier to take care of the signing, witnessing & notarizing all at once, with proper guidance on site, and having everything checked before we leave!!!*

To the clients I've assisted during the settlement processes who have lost a loved one, you are in my thoughts, and I'm praying for you during this holiday season.

Merry Christmas!

*Gayla*



## Management Memo

CUP (Client Update Program™) season has just ended and we turn the corner and it's time for AFR (Annual Family Reunion™) season! I want to compare and contrast the 2 in a Reader's Digest version for you.

AFRs are held annually—hence the name, *Annual Family Reunion*™. Everyone is expected to be there, and if you don't come you miss out on valuable information, such as the preview of all the “elective” programs available to you and your family for that year, any fee announcements, new information and reminders concerning the funding of your plan, and new legal updates coming up. You aren't expected to work [i.e. we don't typically sign updated legal documents] at these programs, but when you leave you feel reconnected. Your Red Books are not required at this meeting, only your black LifeSpan Client Organizer™.

CUPs are biennial, meaning every other year. Only that year's clients are expected to be there (i.e. in the even year, the EVEN clients, and in the odd year, the ODD clients—if you don't know which category you fall into, call and ask and I'll tell you!). You are expected to “work” in preparation for the CUP [by reviewing and returning your Estate Planning Review Worksheet (EPRW)], and to “work” a little bit during the program, by signing updated legal documents and sometimes making decisions about optional updates. You should also be bringing in Red Check Review™ material for any newly obtained assets. We provide your updated legal documents at this program, along with any personal updates you requested on the EPRWs. Both your Red Book and your black LifeSpan Client Organizer™ are required at this meeting.

Now, there are a few similarities about AFRs and CUPs:

- YOUr presence is needed! [cont'd]

- Reservations are Required!
- You must bring your LifeSpan Client Organizer™!

As you can see, both programs are valuable to attend, and both help to make your estate plan work, but YOU are the key component. We need YOUr participation to make YOUr estate plan work smoothly! Thank YOU for allowing us to be a part of YOUr team to make YOUr plan work!

*Sarah*

*It is not the business of government to make men virtuous or religious, or to preserve the fool from the consequences of his own folly. Government should be repressive no further than is necessary to secure liberty by protecting the equal rights of each from aggression on the part of others, and the moment governmental prohibitions extend beyond this line they are in danger of defeating the very ends they are intended to serve." —Henry George (1839-1897)*

## LIFE WITHOUT TELEVISION

November 26, 2016 by John Erickson

### WE DON'T MISS THE FLICKERING IMAGES

### MEANT TO SELL US THINGS WE DON'T NEED

Once television gained a mid-1950s-foothold in our Texas town, the social pressure to acquire one began to build. Kids with television talked about it at school, -causing the rest of us to feel deprived and backward. My dad didn't want one in his house, but his brother worried that we were becoming un-normal and gave us one. Father parked it in an upstairs attic and left it there, ignoring the wails of his children.

He finally yielded, but it took a momentous event. In the summer of '58, I was hunting -jack rabbits with a group of boys and was thrown from the back of a pickup. My right arm was badly broken, and for weeks I lay around the house, suffering a significant amount of pain. The house

was hot (we didn't have central air conditioning), and I was too miserable to read.

I watched a lot of television that summer. I don't recall that my dad said much about it, but he didn't need to. His thoughts hung in the air like smoke from burning tires. He was ahead of his time in recognizing that television was a big step beyond radio, which allowed space between the listener and the medium, and we filled it with our imagination. Television filled the space with flickering images that flowed straight into the brain through the optic nerve.

As a natural conservative, he was suspicious of anything that hadn't been tested by generations of human experience, and he wondered what a steady bombardment of electronic images would do to the human mind. We didn't know back then, and still don't. It might take a hundred years for the evidence to show up.

He was also ahead of his time in recognizing that the purpose of television is not to educate or even to entertain, but to sell us things we usually don't need and probably can't afford. The -programming is there to hold us for the ads.

That can also be said about commercial radio, but radio addresses only one of our senses. Television goes after two of them, and advertisers have become adept at exploiting them.



On the rare occasions when my dad watched television, he refused to look at the commercials. When an ad came on, he would either leave the room or start reading a newspaper. At the time, I thought he was just being eccentric, but he must have understood that advertising is a contest between viewers at rest and professionals who are trained to find the mental spaces where we are vulnerable. He refused to develop a cozy relationship with their ads.

Joe Erickson was pleased that he succeeded in passing his eccentricities on to me, and in 1967 I married a woman who shared them. We never got



**“Experience is the thing you get immediately after you need it.”**  
**Timothy Takacs**

## Facts of Life: Taxes... Recordkeeping...Funding

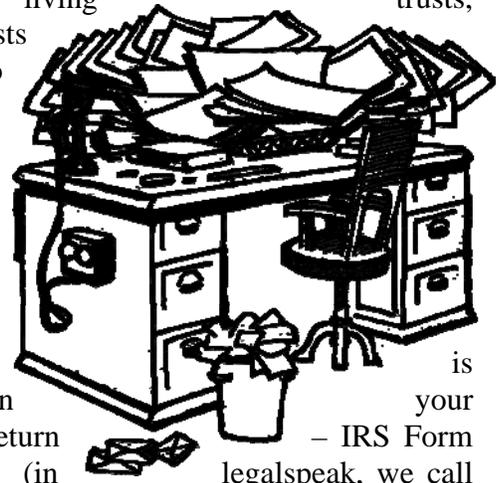
The old adage remains true: nothing in life is certain but death and taxes. Fair warning: there’s nothing new in this article, but it may help some of you see familiar concepts in a new light as the year end approaches, and perhaps help prepare your helpers and beneficiaries.

For most of us, our recordkeeping and taxes are much the same from year to year. Of course, for those with living trusts,

those trusts have no separate identity for tax purposes.

All income earned by the assets in a living trust reported on your personal tax return 1040 (in

legalspeak, we call these grantor trusts). Some of you may have some other type of irrevocable trust that you have set up during your life to gain some advantage for you or your loved ones (examples include, but are not limited to a life insurance trust to keep life insurance out of your taxable estate, or an asset protection trust to protect against nursing home spend-down). In many cases, these irrevocable trusts report the income earned on your personal tax return. There are some types of irrevocable trusts our clients set up during life, over which the trustee must file a separate tax return—IRS Form 1041 (in legalspeak, we call these non-grantor trusts).



*[continued]*

around to buying a TV, and we raised three kids without it, in spite of their howls about being social lepers.

I’m aware that living without television has made us different (that sounds better than “un-normal” or “weird”) and that we have missed out on a lot of the shared experience of our time. We belong to a tiny demographic of people who can’t talk about Dallas, Seinfeld, or Jeopardy.

On the other hand, we notice little things that others might not, such as people carrying on conversations about TV commercials—I mean, ads for cat food and beer. Several years ago we attended a Super Bowl party and noticed that very few of the 25 adults actually watched the game, but when the ads came on, the room fell silent. Everyone was watching the ads. It seemed odd. Who won the Super Bowl? Budweiser and the company with the lizard.

We are also sensitive to the creepy presence of television everywhere we go: restaurants, hotel lobbies, elevators, airports, doctors’ offices, and even gas pumps. It annoys me that someone thinks I need to be entertained every second of the day. It annoys me that I’m being stalked by people who want to sell me something. It annoys me that I can’t turn it off.

I know that everything on television isn’t bad, and if we had TV, I would enjoy watching some of it. But my memory from the late ’50s is that you watch the good, then you watch the not-so-good, then you watch the bad. And later, as you’re trying to fall asleep, you feel as though you’ve pitched hours of your life into a hole.

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Note that in all cases, trusts have checking accounts and keep separate records, because behind all trusts is a taxpayer. This is simply a function of that topic we hold so dear—funding. If property is not in the trust, the instructions in that trust do not pertain to it. You (and your estate planning attorneys) are rightly opposed to setting up trusts that don't accomplish your objectives, because that would waste your time and money. Since trustees have to do things like collect money, make distributions, pay bills, file (sometimes) separate tax returns, and generally be accountable to all beneficiaries for following the trust's instructions to the letter, trusts have to have a separate checkbook as a record tool to help trustees accomplish these objectives. This core reason is helpful to keep in mind when things change as a result of a death.

Death requires a revocable living trust to go through changes: for one, the trust becomes irrevocable. For a married couple, the deceased spouse's trust becomes a Family Trust. If the first spouse's estate is over \$4,000,000, the basic tax protections require that there be two Family Trusts (unless you want to write a large check to Illinois!), and if the estate is over \$5,490,000, there be a third trust called a Marital Trust (or else a large check to the U.S. Treasury). For married couples, this is all summarized on page 2 of your Design Template. The surviving spouse is usually both the trustee and the beneficiary of the Family Trust, and now there are advantages that did not exist before (things like creditor, remarriage, and estate tax protection). The Family Trust (or multiple trusts, as the case may be) files a separate tax return each year to show where the income it made went. At a single person's death, the typical plan would include similar powerful advantages for the children in their own school bus trust, and trustees of those trusts will file a separate tax return each year. Remember that trusts that become "irrevocable" at death offer powerful protections and opportunities for the beneficiary. But, the trust must be treated as separate from the

trust beneficiary. To maintain this separation, each irrevocable trust must file a separate trust tax return based on its own income records – IRS Form 1041. If the trustees fail to file the annual 1041, this may result in the trust being disregarded, and all the protections you planned for lost. And what about paying trust income taxes? The usual objection to trusts is that they are taxed at higher rates than individuals. Many of you have chosen to incorporate new planning tools like the automatic transmission to eliminate that "downside" if the beneficiary decides to leave the income in the trust. But even a trust following the "general" rules gets a deduction for the income passed to the beneficiary—who would then pay taxes on the income at their individual rate.

Bottom line: most trusts that come with advantages require a separate tax return, but do not have to incur higher income tax exposure. All trusts have separate checking accounts, because trustees have to keep records—and you want the trust to serve its purposes properly. The extra recordkeeping and CPA costs are trivial in comparison with the advantages conveyed, which often last for generations to come.

*Merry Christmas, Sam*

**"I have often found that new found wealth does not change a person, but only accelerates the direction in which they are already heading." Chuck Newton, Advanced Financial Strategies, South Jordan, UT**

It is amazing that people who think we cannot afford to pay for doctors, hospitals, and medication somehow think that we can afford to pay for doctors, hospitals, medication and a government bureaucracy to administer it."



- Thomas Sowell

Winter, 2016-2017



**Family Education Programs available 24/7!**

Videos are available to our clients and their families, any time, on our website in the exclusive *Client Resources* area.

*Username and password are necessary.*

*Be sure to complete the Certificate of Attendance!*

## FUNDamentals

It's that time of year again to update your Asset Reports! I know you all are so happy to receive them! ☺

### Plan Maintenance Made Easy

One of our biggest concerns is how many of our clients don't take advantage of the services they pay for. They don't get the mental updates at the AFR, the document updates at the CUP, the family training at the Family Education Programs, and the technical improvements from the Technical Training Programs. Our present experience tells us that there are two reasons most estate plans fail:

1. **Failure to properly title assets** to follow the plan; that is, funding. Make sure you tell us about all of your assets, and let us review the ownership paperwork to confirm that everything you have will follow the plan.
2. **Lack of preparedness.** The helpers in the family are not prepared for the tasks they will face when disability or death occur. Please attend the training, watch the programs that are recorded, and learn what to do before the crisis arrives.

Please avail yourself of the services you've paid for. Make sure your plan works smoothly.

*"But if anyone is deficient in wisdom, he should ask God, who gives to all generously and without reprimand, and it will be given to him. But he must ask in faith without doubting, for the one who doubts is like a wave of the sea, blown and tossed around by the wind." James 1:5-6*

"America, it is said, is suffering from intolerance — it is not. It is suffering from tolerance. Tolerance of right and wrong, truth and error, virtue and evil, Christ and chaos. Our country is not nearly so overrun with the bigoted as it is overrun with the broadminded."

Fulton J. Sheen (more than 50 years ago)

Please review and update. If you no longer have an account, vehicle, etc., please strike through it and write "GONE" in the "New Value" field. As for any new assets, please send me the appropriate Red Check Review documentation. (You can find the Red Check Review Requirements behind Tab 4 of your LifeSpan Client Organizer™.)

If you do not see a checkmark by one of your assets, we do not have verification on that asset. Remember, I am here to help you keep your assets in your trusts—this is a service you pay us to provide. We want you to get what you paid for! Especially if you are adding a new asset, and you need help filling out forms, please send them to me, and I will fill them out for you. Always feel free to give me a call.

Another note: if your current financial company changes account numbers on your retirement account or annuity, we will need proof of the beneficiaries on the new account number. In our experience, when an account is assigned a new number—even within the same financial firm—many times the beneficiary designation is incorrect. These things happen. Please request proof of your beneficiaries if this happens to you.

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

*Sherry*

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

Richard H. Ferguson  
1936-2008

