

Winter, 2013-14

## PLANS THAT WORK. PEOPLE WHO CARE™

We *enjoy* helping our clients' families receive the benefits of thoughtful, proactive planning. Every new LifeSpan™ client asks me an important question: "After we invest in good planning like this, in part to secure your assistance during settlement and save money in the long run, *what if something happens to you?*" As the Firm has grown, with Sam leading the settlement department and an office paralegal team providing stellar services at all three steps of the Three Step Strategy™, most clients have become comfortable with the fact that our Firm is going to be here to take care of your plan all the way to the end.

In our Firm we face a similar question: "What if something happens to you, our client?" If you become disabled or die, we will be caring for your family and we know what happens. But, what if you decide that a plan that works isn't worth the effort, and drop out of our LifeSpan™ 'family'?

It is simply a fact of life. It is our **mutual commitments**—*yours and ours*—to plans that work that **produce** plans that work. Thank you for allowing us to experience that *joy* for another year. *Curt*

### A Quick Look Back at 2013



**National Spotlight** Curt and Sam co-presented the keynote legal technical address at the National Network of Estate Planning Attorneys' fall conference in Orlando. The topic? Cutting edge tax planning strategies, essentially the same information we presented to *our own clients* at our Technical Training Program™ ...

**Technical Training Program™** The American Taxpayer Relief Act of 2012, along with ObamaCare, created a new era in tax planning for married couples. Our clients were among the very first to hear about it, in our July 16 & 23 (Salem) and September 5 (Bloomington) presentations. Your LifeSpan™ attorneys are at the cutting edge in the country. Those of you who attended these presentations got the benefit of the latest estate and *capital gain* tax-avoiding planning ideas. If you did not attend...you should watch the video-recorded program and probably take advantage (at no additional fee!) of the newest planning techniques. (married clients, please read the [article on Page 8...](#))

**Made Simple Series™** We just completed the fourth year of our redesigned Family Education Program™: the Made Simple Series™. On average over 100 attended each Receiving My Inheritance Made Simple™ presentation in 2013. This comment says much: *I wasn't sure what I would "learn" today. However, I have a new appreciation for what my parents are doing now, before their death, to make sure an inheritance goes smoothly, and without huge expenses* This training will prove to be incredibly valuable to such families down the road.

### Renewing Commitments: TO DO LIST

Your renewal packet includes your Asset Review Report, yellow renewal form, and 2014 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, 2014 (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, 2014. 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. Make it a priority on *your* calendar!

*"I believe in an America where the free enterprise system flourishes for all other systems to see and admire—where no businessman lacks either competition or credit—and where no monopoly, no racketeer, no government bureaucracy can put him out of business that he built up with his own initiative." - President John F. Kennedy*



## Memos from Management

Just as your car needs routine maintenance, so does your estate plan. There are various things that come up, some expected, some not. Remember that during business hours we are always just a phone call or email away, and you don't get a bill for calling or emailing!

During the hustle and bustle of everyday life, be sure to remember your estate plan and the basic keys to making it work: keeping legal documents up-to-date, keeping it fully funded, and preparing your Helpers. We're 'on retainer' to help, so be sure to get the full benefit of the services you have paid for!

Here are some specific items for your attention or consideration:

*Sarah*

**Helpers' Addresses.** *We send out a helper mailing once a year and this year we were notified by the post office of over 50 addresses that were incorrect. When your key helpers move, please remember to notify us of the address change.*

**Real Estate Tax Bills.** *Review your tax bills! We cannot use your tax bills to verify that your real estate is in your trust, However, if your tax bills are addressed to you individually (and not a trust nor you as "Trustee"), then this should be a RED FLAG that your real estate might not be funded. You should call your assessor to verify this and check why the bills are being mailed to you individually. If you need any assistance with this, of course, give us a call! Then, if your real estate is not in your trust, contact us immediately and we will get a deed prepared to fund it to your trust(s). (Some clients have a limited liability company, corporation or other entity that owns the real estate; those tax bills should reflect that entity as owner, not your living trust.)*

**DocuBank®.** *As long as you are a LifeSpan™ client, we pay your annual DocuBank® fee from the fee you pay us (DocuBank® service is included in your LifeSpan™ membership at no additional charge). So, if you ever get what looks like an invoice from DocuBank®, do not pay it and contact me and I will clear it up immediately! Also concerning DocuBank®, watch your mail because they will be sending you a reminder letter in both January and July reminding you to keep your information with them current. To do this, you can either call them or update your information on their website. We have a direct link to DocuBank® from our website for your convenience.*

**Hunter?** *If you are a hunter who receives landowner permits/tags, 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 require. I'll send you a copy of the letter I send them so you'll know it's taken care of.*

*"As many discover, we reject one structure for another, one code of conduct for another, one set of limits and limitations for another. Not all roads claiming to lead to freedom actually go there." Stuart McAllister*

## Thoughts on Trustee Selection from the Front Lines

Make no mistake, the role of trustee is a complicated affair. There are people to account to and interests to protect, to which trustees owe the highest duty of care and loyalty recognized under law. It is a lot of pressure. Add to that the normal family dynamics that are present in most of ours, and you have additional complexities layered on top—just because we are all *human*.

Over the years, your choice of trustees may change as a result of outside forces. People once chosen may move away, or become injured, or pass away. Relationships may change. Life experiences may change. Sometimes we may find out that the people we've chosen to be helpers might not be particularly suited to that task, or we might discover that those we haven't considered to be helpers are uniquely suited for it. Hopefully, as you and your family gain more education on the topic (you've been coming to our Family Education Programs™, right?) and as your experiences continue to shape your life and relationships, you are continually reviewing your trustee selection. Your selection of trustees is easy to change. Every two years at Client Update Program™ time we remind you to review your selections.

As settlement attorney, I am usually counselling your successors through the settlement process. I have seen the whole gamut, from those who were prepared to handle the job and actively engaged in it, to those who were trustee in name only and didn't really even seem to care to be involved. When you designed your plan, you spent a lot of time with Curt determining who you should (and in some cases shouldn't) nominate as trustees. But, as we know, our lives are constantly changing. These are some of the thoughts I've had, inspired by meetings with successor trustees. These are very general thoughts, and I realize may not be the best guiding principles for every family. This list is not necessarily exhaustive, but I hope it gives you some things to consider every time you revisit the issue of trustee selection:

1. Too many trustees is not necessarily a good thing. While it's okay to have more than one trustee—and maybe even a good thing—having three or four trustees might just be overkill. All your children do not need to be named as trustees. Select one or two most capable of

handling the job.

2. Children living out of state are not ideal choices for successor trustees. There is a lot of paperwork that the trustees need to complete, and it is helpful if they are more locally accessible to meet the demands of the job.

3. Choosing a child to be trustee simply to “have them involved and maybe learn something” when they don't even have their own affairs in order is a bad idea. Trusteeship is not the time to be teaching life lessons in responsibility! Your trustee should be capable of handling books and keeping records in a responsible fashion from day one.

4. A trustee's job can be stressful at times. People handle stress in different

ways. Think about how the people you have selected handle stress and pressure. If any of your current choices are uncomfortable in these situations, then consider making a change.

5. Is your selection a lone wolf do-it-yourselfer, or do they follow directions and work well with other professionals? If they are the former, this could create problems or conflict during the settlement process. Someone who cooperates and follows the advice of professionals like attorneys and CPAs is vital to the success of your estate plan. Likewise, if your trustees aren't comfortable meeting with these individuals, this person should be changed.

6. Are they *interested* in serving as trustee? Will they be likely to be actively engaged in and committed to the process? One indicator may be his or her willingness to attend family education programs like Receiving My Inheritance Made Simple™ in person or on the web. Do they care that much? If you are seeing complete and total disinterest on this person's part, this is a red flag that this might not be the best selection.

I am hopeful that the short list above gives you some things to think about as you review your estate plan annually. In addition to participating in the maintenance program, careful trustee selection is vital to seeing your “snapshot” become a reality when it comes time for your plan to work.

*Sam*

**THE CHECKBOOK TEST:**  
*Who have you chosen as your executor or trustee? Now, what if I told you to give them your checkbook right now, and let them pay your bills for a couple of months? Does that make you nervous? If so, you may want to reconsider who you have chosen.*

*From David Edwards, JD*



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



## Education Update

Merry Christmas Everyone!! Can you believe 2013 is almost over and 2014 is upon us?? Things in my family have certainly changed this year! Many of you know in June my daughter Abby got married so I am now officially a mother-in-law!☺ We had an awesome time planning and celebrating her wedding to Patrick. This is also Olivia's senior year in High School, which keeps us very busy. And, did I mention we added a new Lab puppy named Jasmine to our household!!

I guess now more than ever I realize how our lives are ever-changing, just like those of you, our clients. As a LifeSpan™ member, you can experience peace of mind knowing as your family grows and changes we are available to help you. This may include making any personal changes to your estate plan, along with the routine legal/technical changes made by our attorneys at your every-other-year visit to our **Client Update Program™** (CUP).

If you are an ODD year client, we made those updates this year. And EVEN year clients, fall 2014 will be your turn. (I am told that there are document updates already being drafted...)

This year we had a great turn out for the **Annual Family Reunion™** meetings. I always enjoy seeing so many of our clients, and catching up a bit. We received a lot of good feedback in regards to the revised LifeSpan Client Organizers™ that you received in 2012. Which reminds me, in **Tab 5** of your organizer is a very handy tool. It is the **Education Summary & LifeSpan Glossary of Terms**. This summary is a great reference if you need a quick reminder or explanation about any of our LifeSpan™ programs. Of course, as your Education Coordinator, feel free to contact me to answer any questions you may have.

Many of you took advantage of the opportunity to attend or send helpers to **Receiving My Inheritance Made Simple™** in June or November. Curt and Sam presented a very informative program, and this training helps your trustees be better prepared to receive their inheritance. It was video-recorded and will soon be on our website for access to you and your Helpers 24/7!

Something to keep in mind is that **Disability Transitions Made Simple™** and **My Spouse's Estate Made Simple™** are available to you and your helpers on our website ([www.tlcplanning.com](http://www.tlcplanning.com)). If you or your

Helpers were unable to attend the program in person, or you just need a refresher, please visit and watch on-line. When you do, be sure to print out the "quiz" that goes with the presentation, fill it out as you watch, and send it in for education "attendance credit"!

Please remember we encourage you and your helpers to take full advantage of our **Family Education Programs™**, this is a very important part of our process. To keep things running smoothly please note the following:

1. All programs require a reservation for each person attending. Not only must we assure adequate seating, but also personalized material preparation, confirmation information, and to give your family proper credit for fulfilling your/their commitment to active participation.
2. If you have a reservation to attend a program, always refer to your confirmation which you should receive from me approximately two weeks prior to the event. It will remind you of the date, time, location and other pertinent information such as what materials you should bring (i.e., your Red Books, or your LifeSpan™ Client Organizer™).
3. If you have made a reservation, and need to cancel, please let us know as soon as possible. We sometimes have a waiting list, and do our best to accommodate those on the list as we receive cancellations.

To those family members I have assisted this year who have a lost a loved one, I hope our settlement process brought you some comfort and peace of mind. Remember, any questions you may have, I am just a phone call or email away.

Merry Christmas to you all!!

*Gayla*



## Trusted Advisors Play A Key Role at Transition Time—Especially for Married Couples

What is transition time? It's a nice way of saying *when you die*. But it could also mean when you become disabled. Virtually anything that is going to take the reins of control from you is a transition: the transition to new trustees, whether they be death trustees or disability trustees. Obviously, your attorneys are going to be key trusted advisors for your successors when the time comes. We help successors get control of the assets and get a better handle on what they need to do and when.

But, what about financial advice?

What about tax preparation and accounting?

Those are potentially very important areas in which your successors will need assistance as well. Trusted advisors in all of these areas will allow your successor trustees to take over seamlessly. In addition, having trusted advisors is yet another way you can maintain control over settlement and administration when you aren't able.

If you've been doing your own tax returns for years or just getting discount preparation (someone who just fills in the 1040, without providing you with input or advice), you might consider getting a competent Certified Public Accountant (CPA) or Enrolled Agent (EA). You or your discount preparer may be doing a fine job for the time being, but things will eventually change. Allying yourself now with a CPA/EA or other

tax professional who has experience in **fiduciary returns** and **estate tax returns** will make the transition immeasurably easier for your successors and your family.

Relationships take time to build, and many complicated tax issues arise at death or disability—some of these issues could potentially follow your surviving spouse or the rest of the family from year to year. New tax filings will be required. Administration of new trusts formed at death (one or more Family Trusts and possibly a Marital Trust) will be on-going, with annual tax returns to file. A trusted advisor who is familiar with your overall asset picture, and who is competent to prepare these returns and advise your family on these issues during this time of transition will be invaluable. In my time here at The Estate Planning Center, I have worked through a lot of settlements; overwhelmingly the family is more at ease and it is a smoother experience through a transition when the family already has a trusted tax advisor.

Most of the same principles above also apply to financial advisors. For a married couple, if one person has been making all the investing decisions through a discount brokerage account, and that person dies, who is around to advise on the portfolio? Again, you may do a great job handling these things, but what if you are the first to die? In most situations, the survivor has little to no idea where to pick up with things.

Trusted advisors add *value* to your overall picture. As such, they usually cost some additional money. But even if you are a great do-it-yourselfer, you won't be able to do it forever. And if you currently have advisors

who you don't believe are a good fit for advising your family during a transition, find one who is. The cost is worth it; transitions work better when there is a tax or financial advisor the family is familiar with to assist. As we are fond of saying around here...

**“It's relationships, much more than documents, that make plans work!”** *Sam*

*“Progress, far from consisting in change, depends on retentiveness. When experience is not retained, as among savages, infancy is perpetual. Those who cannot remember the past are condemned to repeat it.”*

*George Santayana The Life of Reason*





“One of the traditional methods of imposing statism or socialism on a people has been by way of medicine. It’s very easy to disguise a medical program as a humanitarian project. Most people are a little reluctant to oppose anything that suggests medical care for people who possibly can’t afford it.” - Ronald Reagan

## Are We Having Funding Yet?

It’s that time again. The leaves changed and are now gone. Days are shorter. Thanksgiving has passed and Christmas will be here next week. It’s time to send out your **Asset Review Reports** (ARR) and touch base with everyone.

1. If you do not have a **check mark** ✓ on your ARR on the left hand side of your listed asset we do not have verification of funding for that asset. If you don’t know what I need, look in your LifeSpan Client Organizer™ behind Tab 4 at the Red Check Requirement chart for reference.
2. If you **add new assets** to your ARR, please remember to send me verification of that asset. The green sheet on the front of the report is a good cheat sheet telling what paperwork will serve as verification for most asset types.
3. Remember that Letters of Direction for new assets plus a sample vehicle title application form are located behind **Tab D** in your LifeSpan Client Organizer™...and remember that you are free to call me if you have a question on which one to use!
4. A lot of **Bank of America** (BoA) banks in Southern Illinois have sold out to other banks. That means a lot of you have new accounts with new account numbers, and they are not necessarily titled correctly. Please send me a copy of your new account statement, signature card, or computer printout from the bank, showing proof of ownership and account number.
5. A note on **Indiana car titles**, a nice client informed us of the MVD process in Indiana. To transfer a title to an identity like your Living Trust they require three documents showing the name of the trust and address of the trust. So be prepared or call your local MVD before you go in so you will have all the proper documentation needed.
6. Speaking of cars, remember **when you sell or trade a car that is titled in your trust**, you will need proof of the trust. We find that a copy of Article One & signature pages normally will suffice. They want to know who the present Trustees are on your trust, and unless you are disabled that will be the

people identified in Article One! If you need any help, please give me a call.

7. **Cars again:** married clients, you have two trusts, not a joint trust. The car title should be clearly in one or the other, even if you are cotrustees.
8. **Insurance company stock:** Here is another issue I have been running into, thanks to some nice clients who have informed me. A few insurance companies (Metlife, Prudential, Principal and John Hancock are the ones I know of) issued the owners of their insurance policies shares (stock) when the company went public. Now the shares are usually handled by Computershares. (Don’t tell anyone, but we don’t like Computershares. Your kids won’t either, if you die while you still have shares held by Computershares.) If you owned your life insurance policy with these companies before you created your Living Trust, you may have shares issued in your name alone (with Computershares or some other outfit). These shares need to be titled into your trust. If you own shares in your insurance company, please check your statements. Contact me if they are not titled in your trust name and I will help you get them transferred. (If the shares are not listed on your ARR...we don’t even know they exist and *that will create a real problem at death.*)
9. **Life insurance on others:** This year we found more people than ever before had life insurance on other people that they had forgotten to tell us about: insurance policies on your kids or grandkids, your sister, your parent, whatever. Those policies are a real challenge to deal with at death if they are not titled in your living trust name! Also, if you die before the insured person, you need to decide—and you need to tell Curt so he can draft it into your plan—who should inherit the policy.

I just want to stress to everyone that it is okay to ask questions. You don’t buy a car every day, your bank doesn’t sell out every day, your insurance company doesn’t go public every day. So it’s okay to call. ☺

I pray everyone has a Blessed Christmas and a Prosperous Year! *Sherry French* (a.k.a. the Nag! Defined as: reminder, urge constantly, or an older overworked horse)☺

### Medicare Supplement to Pay For Nursing Home?

If your Medicare supplement policy was issued before 1992, it might provide nursing home coverage.

Medicare supplement policies have been standardized by federal legislation. In 1992, federal legislation required all new Medicare supplement policies to conform exactly to one of ten standardized forms, labeled A through J, providing a prescribed set of benefits. Additional forms have been added by regulation, and some forms have been discontinued. But under all such standardized policies issue since 1992 the most coverage offered for skilled nursing facility care is coverage of the patient's Medicare co-insurance obligation and, thus, does not extend beyond the 100-day period of nursing home coverage under Medicare.

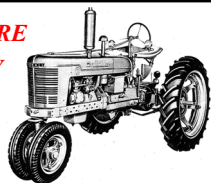
By contrast, we have been told that **two thirds of Medicare supplement policies issued prior to 1992 provided skilled nursing facility coverage** for stays exceeding 100 days.

For instance, in one 1990 policy there was coverage for the insured's Medicare co-insurance obligation during the first 100 days of her confinement at the nursing home, plus coverage for the 101<sup>st</sup> through the 365<sup>th</sup> day. When this client went to the nursing home and required skilled care, it amounted to about \$60,000 in benefits for the 265 days of her stay that she and her family otherwise would have had to pay.

If you are old enough to have had a Medicare supplement policy since 1992 or earlier, inquire of the insurance company whether it provides nursing home benefits beyond the 100<sup>th</sup> day of confinement. Do not accept the EOBs (Explanation of Benefits) at face value, nor communications from the insurer or nursing home, that all Medicare and Medicare supplement coverage will end after the 100<sup>th</sup> day.

***I BELIEVE THAT PEOPLE DON'T CARE HOW MUCH YOU KNOW UNTIL THEY KNOW HOW MUCH YOU CARE.***

Richard H. Ferguson  
1936-2008



Do not regret growing older. It is a privilege denied to many. My neighbor was working in his yard when he was startled by a late model car that came crashing through his hedge and ended up in his front lawn. He rushed to help an elderly lady driver out of the car and sat her down on a lawn chair. He said with excitement, "You appear quite elderly to be driving."

"Well, yes, I am," she replied proudly. "I'll be 97 next month, and I am now old enough that I don't even need a driver's license anymore."

"You don't need a driver's license anymore?" he queried.

"That's right! The last time I went to my doctor, he examined me and asked if I had a driver's license. I told him 'yes' and handed it to him. He took scissors out of the drawer, cut the license into pieces, and threw them in the waste basket, saying, 'You won't need this anymore.' So I thanked him and left!"

Someone sent it to me by email so it must be a true story! Curt

### More Medicare Tips

Here are a few more pointers to make sure you get what you should from Medicare and your supplemental insurance, and that you minimize potential adverse impacts of ObamaCare:

- When you are admitted to the hospital, make sure it is a regular admission and not for "observation." If it is for observation, say you want to appeal.
- Make sure you have an advocate (your Helper in your estate plan: health care POA typically) at the time of discharge from a healthcare organization such as hospital, nursing home, or assisted living. Your advocate's purpose is to avoid premature discharge and to appeal immediately if discharge is considered premature.
- When discharge is appropriate, make sure you insist that the discharge order, signed by the doctor, includes those items you, the patient, need and that can be paid for by Medicare on an ongoing basis and renewed every 60 days.



Videos are in the exclusive *Client Resources* area of our website. (Clients: call for Username and Password)  
*Be sure to complete the quiz and return the request form!*



### Important Tax Planning Opportunity!

In July and September we presented our **Technical Training Program™ ATRA 2012: Estate vs. Capital Gain Tax...Opportunities and Landmines™**. This was such an important tax planning development that Sam and I were invited to present the same material to the National Network of Estate Planning Attorneys' semi-annual conference in Orlando in October.

In the presentation we introduced two important new planning concepts: the **Bounty Clause™** and the Marital/Family Trust funding "**Switch.**" Nearly every married couple should, in my opinion, take advantage of these two legal techniques; each is a simple amendment to your living trust documents. However, some couples, especially in a second marriage situation, *might* be uncomfortable with one or both of these techniques. Therefore, we made the decision to add the clauses only if you specifically ask us to after you learn about the pros and cons. We provided the education live, and most attendees said "yes" they want the amendments. At this point there are two ways you can get the education:

1. You can schedule a Personal Counselling Review (PCR) and pay the \$350 fee (discounted from the usual \$500 PCR fee) to sit down with me and discuss the clauses in your particular situation; or
2. You can watch the video recording online at no charge, and get the amendment at no cost at all!

**I can almost hear your squeals of Christmas delight over the opportunity to learn about this great new tax planning technique!** (*Real sugar plums are dancing in my head, too...*)

Seriously, if the two of you share the same goals for whom you want to benefit from your estate (i.e., your children/heirs) and you trust each other's judgment (with good professional advice to help) and any of the following apply to you, then you should **make it a high priority to watch this video and request the amendments** to your plan:

- You expect to leave assets in your Family Trust (first checkout) which *might appreciate in value* before they pass (later, at the survivor's checkout time) to your heirs/beneficiaries. Real estate and growth stocks are the prime examples; and/or

- You have highly *depreciated* assets such as farm machinery which might pass to your Family Trust before passing on to your heirs after the death of your spouse; and/or
- Your estate might not add up to \$11,000,000 by the time of the second of your deaths; and/or
- You live in a state other than Illinois and a significant part of your estate is a qualified retirement account: IRA, 401k, etc.

In case you are wondering, yes, these bullet points mean most of our married clients!

**TO DO NOW:** Go to our website, watch the video and (unless you fit the rare exceptions) send in the form to request these plan amendments. Given the capital gain tax savings they will realize, your heirs will be grateful!

*Curt*

### ...the final Word

In the beginning was *the Word*, and *the Word* was with God, and *the Word* was God. He was in the beginning with God. All things came into being through Him, and apart from Him nothing came into being that has come into being. In Him was life, and the life was the Light of men. The Light shines in the darkness, and the darkness did not comprehend it.

There came a man sent from God, whose name was John. He came as a witness, to testify about the Light, so that all might trust through him. He was not the Light, but he came to testify about the Light.

There was the true Light which, coming into the world, enlightens every man. He was in the world, and the world was made through Him, and the world did not know Him. **He came** to His own, and those who were His own did not receive Him. But as many as received Him, to them He gave the right to become children of God, *even* to those who trust in His name, who were born, not of blood nor of the will of the flesh nor of the will of man, but of God.

And *the Word* became flesh, and dwelt among us, and we saw His glory, glory as of the only begotten from the Father, full of grace and truth.

*We wish you a blessed Christmas*

