Your Legacy Connection

Fall | 2016

IN THIS ISSUE

Mary Merrell Bailey, Esq.

Hallie L. Zobel, Esq.

WARNING! Transfer Tax Law Changes May Hit Family Investments Hard!

Do you have a Family Limited Partnership or Limited Liability Company that you use to transfer wealth to younger generations? Traditionally, these family investments have been valued for gifting by using a discount for a lack of marketability and a lack of control.

For example, using a 30% discount, you could reduce the value of your taxable estate by contributing $1,000,000 of your assets into a closely-held entity, then gifting your ownership in the entity to your children and grandchildren. The IRS would recognize the transfers on the gift tax return to be worth $700,000, thus saving $120,000 in transfer taxes.

Beware! The IRS has proposed regulations – set to take effect on December 31, 2016 – that eliminate the use of discounts for family investments. In addition, presidential candidate Hillary Clinton proposes reducing the Federal Estate Tax exemption from $5.45 million (in 2016) to $3.5 million, the Federal Gift Tax exemption from $5.45 million (in 2016) to $1 million, and increasing the Federal Estate Tax rate from 40% to 45%.

Opportunity exists to make gifts before December 31, 2016. If you are worth more than $5.45 million ($10.9 million if you are married), or concerned about transfer taxes affecting your family, call now for an appointment with Merrell Bailey.

To learn more, join us for **Cookies & Counsel™** in October.

Cookies & Counsel™
SEMINAR SERIES

Are you a **Millennial, GenXer** or **Baby Boomer** interested in learning more about estate planning?

Are you a Professional Advisor who wants to stay on the leading edge of your profession?

Our "complimentary" seminars are your solution. Monitor our website for a schedule of upcoming workshops and reserve your seat at the table. Munch on delicious cookies while learning valuable estate planning tips. See schedule of upcoming events on the back page. Call us at 407.622.1900, or register at **www.YourCaringLawFirm.com**.

ABLE Accounts

A Powerful New Planning Tool for Families with Special Needs Children

by Hallie Zobel, Esq.

Clients often ask us: “How do I set aside money for my child’s lifetime care without sacrificing her continued eligibility for government-sponsored benefits?”

Until July 1 of this year, disabled individuals were limited to accumulating only $2,000 in personal savings in order to be eligible for public benefits. That changed with the passage of the Achieving a Better Life Experience Act of 2014 (ABLE) -- a federal program similar to 529 plans.

Individuals with special needs now have access to a tax-free financial planning tool where they can accumulate up to $100,000 without jeopardizing eligibility for government benefits. The money can be used for necessary expenses such as education, housing, transportation, assistive technology and other needs. To qualify for an ABLE account, the person must have been disabled before his or her 26th birthday, and be eligible to receive social security disability or supplemental security income. Families can contribute up to a maximum of $14,000 for 2016.

We recommend clients use an ABLE account in tandem with a **Special Needs Trust,** and here’s why.

In traditional estate planning, life insurance has been a critical component in providing economic security for loved ones. However, the proceeds from a life insurance policy cannot be used to fund an ABLE account. On the other hand, a **Special Needs Trust** is often designated as the beneficiary for a life insurance policy and other assets intended for the benefit of the child.

Using an ABLE account in tandem with a **Special Needs Trust** helps: (1) maintain eligibility for public benefits, (2) accumulate up to $100,000 tax-free, and (3) provide a vehicle for life insurance and other assets to be used for the benefit of the child.

Who Will Raise My Children If I Die Without Naming a Legal Guardian?

Most parents would agree that their children are by far their most precious asset. Yet, many parents with young children fail to create an estate plan or name a guardian should “the unthinkable” tragedy occur.

Read Merrell Bailey’s blog article and learn how we help parents of minor children think through the steps of naming a guardian, and why it’s important. Go to: http://yourcaringlawfirm.com/blog-93-Who-Will-Raise-My-Children-if-I-Die-Without-Naming-a-Guardian

It’s About YOU

Results from Our Recent Survey Tell Us What’s On Your Mind

What’s important to you is important to us. That’s why we occasionally survey our audience following seminars and speaking events. According to our recent survey of working professionals, we learned:

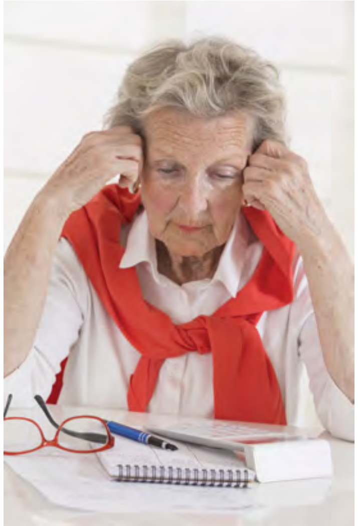
- **PRIMARY REASON TO PLAN**: Most would engage in estate planning to minimize the burden on loved ones, followed by those who would plan for their minor children in the event of an unthinkable tragedy.
- **AGE RANGE:** 56% of respondents were between the ages of 35 and 55, while 33% were 56 or older.
- **SEMINAR TOPICS:** “Understanding Will-Based vs. Trust-Based Planning” ranked as the most interesting topic, followed by “Avoiding Probate and Trust Litigation.”
- **REFERRALS:** Most would choose an estate attorney based on a referral from a family member or friend, followed by a recommendation from a financial advisor.

Women: Be the Captain of Your Personal Financial Team

by Mary Merrell Bailey, Esq. CPA MBA MSTaxation MSAccounting

We women might not think of ourselves as rough, tough athletes, but we participate in this game called "life" for about 81 years – easily outrunning men by five years. Yet, we are starting behind.

While recent studies reveal that financial capability among working women is improving, closing the financial literacy gap has a long way to go as it relates to retired women and older widows. If you are female, you probably will be alone and in charge of yourself for a long period of time. Win by choosing a personal team of professionals to help you along the way.



Who should be on your team? If you are like me, your first draft pick will be your hair stylist. Next rounds might go to your physician and dentist. You likely have a nail technician. You may even have a lawn service and an auto mechanic. But statistics show that most women do not have an estate planning attorney, CPA, or financial planner on their speed dial, yet all women need these professionals at their side to be successful.

Voluminous research reveals that financial incapability is more widespread among single women and widows who do not have a partner or spouse to consult when making financial decisions. On average, women become widows before age 58, finding themselves suddenly to be heads of their households. The U. S. Census Bureau shows that the percent of women who live in a household without a spouse increases from 40% to 84% from age 55 to 85. Most distressing, however, is learning that single, divorced or widowed females who are retired or entering their retirement years are financially less prepared to take care of themselves than men.

According to the 2014 TIAA-CREF Institute's Working Women's Financial Capability Study, most women were unaware of how much they needed to save for retirement. Particularly disturbing in the study is the finding that, "despite their high levels of indebtedness, apparent financial fragility, and low financial literacy levels, working women do not frequently seek professional financial advice."

So, how do you captain your winning team?

Look for professionals who connect with women by targeting their educational outreach. The messaging must be communicated in a non-condescending manner – no "mansplaining," please! The use of case examples and specific planning scenarios can help women apply strategies to their own situations.

At our law firm, we recommend the following:

1. Accept the reality that, if you are female, you likely will live longer than your male spouse and must prepare yourself for when you, alone, will be required to make informed choices.

2. Although your spouse historically may have taken the lead as it relates to decision making involving retirement planning and investments, it's never too late for you to become proactive in that process.

3. Attend financial seminars. Check out library books on the topic. Watch videos and listen to podcasts that pertain to financial preparedness.

4. If you are married, sit down with your spouse and request to be "debriefed" on matters involving family retirement and financial accounts and estate planning documents. Keep track of the passwords and log-ins to access digital accounts and information.

5. Make an appointment with a financial advisor, a CPA, and an estate planning attorney to assess your preparedness for decades of retirement.

6. Immediately put in place legal documents to appoint trusted loved ones to help you as you age, such as:
- Last Will & Testament
- Revocable Living Trust
- Durable Power of Attorney
- Healthcare Surrogate
- Living Will

The good news is that many women are recognizing the need to increase their financial literacy. Survey data shows that women are more likely than men to change their behavior after attending a seminar on retirement goals and saving behavior. **Cookies & Counsel**™ anyone?

Save the date! Register for upcoming Cookies & Counsel™ seminars at www.YourCaringLawFirm.com, or call 407.622.1900. Topics for the dates listed below will be posted online. Please monitor our website regularly for details on what you will learn and to reserve your seat.

Cookies & Counsel™
SEMINAR SERIES

FAMILY SEMINAR SERIES

Oct. 19, 2016, 3:00 pm
Oct. 28, 2016, 11:00 am
Nov. 10, 2016, 11:00 am
Nov. 30, 2016, 3:00 pm

PROFESSIONAL SEMINAR SERIES

Sept. 29, 2016,11:00 am
Oct. 11, 2016, 10:30 am
Oct. 26, 2016, 2:30 pm

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New Transportation Solution For Non-Driving Seniors

Navigating around town is challenging for seniors who relinquished their car keys. As a follow up to our article, **"Asking Tough Questions Could Save an Older Driver's Life,"** we have found an excellent community transportation resource for people with vision limitations or who are age 65+.

Orlando's $10 billion in transportation initiatives unfortunately are not ideal for people with limited mobility or cognitive decline. Bike-sharing programs are terrific – if you can ride a bicycle. LYNX bus system connectivity is improving, but do you want your frail, 86-year-old mother juggling her walker, purse, and grocery bags on the bus by herself?

ITN Orlando (Independent Transportation Network Orlando) to the rescue! For very reasonable rates, ITN Orlando provides around-the-clock, personal, "door to door" service. Your family can feel secure knowing that no money changes hands in the vehicle. Rides are charged to a pre-funded account and volunteers do not accept tips.

Unlike taxi and ride-sharing services, a fingerprinted, background-checked, trained volunteer will greet you at your door and escort you and your packages safely to and from the car. Drivers have a minimum three-year safe driving record, and use their own vehicles. They expect to assist with walkers, wheel-chairs, packages and groceries.

To keep costs low, ITN Orlando relies on donations, community support and grants. Rides that are pre-scheduled, or shared with other users, are eligible for further discounts.

Service is provided within the City of Orlando, Altamonte Springs, Casselberry, Maitland, Winter Springs, Winter Park, and Longwood. For more information, visit www.itnorlando.org.

ROLLINS CENTER FOR LIFELONG LEARNING

Seniors: Be sure to register for our Rollins class (Oct. 6, 13, 20, 27, 2016) on the fundamentals of estate planning and probate. To register, visit www.rollins.edu/evening/rollins-center-lifelong-learning/

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