

ESTATE PLANNING IN 2011

By Darcy Houghton, Esq.

2010 has passed and with it the year when even the wealthiest individuals could pass their estate tax-free. Late last year, Congress provided a new law that creates opportunities for tax planning during the next two years. The federal deficit seems out of control. Federal, state, and local governments are penny pinching and slashing budgets. What does this mean? The likelihood is that taxes will ultimately go up. We don't yet know if the estate tax will be a tax that is increased, but, we do know that there are some planning opportunities available today, that were not available yesterday, and may not be available after 2012.

Until 12/31/2012, individuals who expect to have more than \$1 million in their estate at their date of death should absolutely consult their estate planning attorney to determine if they should utilize the new gift tax law, which allows an individual to gift up to \$5 million dollars during life. If that sounds intriguing, but offering the gift would put a crimp in your lifestyle, good estate planning attorneys are equipped with tools that can structure your gifting in a manner that will avoid estate taxes and create a legally binding stream of income to you. Providing a tax-efficient inheritance for your kids tomorrow doesn't require that you put yourself at risk for living in the poor-house today!

The first phase of estate planning is taking care of you. In 2009, a new, statutory power-of-attorney was created by our legislature, which, if used properly, prohibits banks and other institutions from requiring their own power-of-attorney form. The health care statutes were updated as well. These two documents should be obtained by every single resident of our community – rich or poor, young or old, unhealthy or well. They make clear who has the ability to care for you should you become unable to care for yourself.

And, no matter how much you have, when you die, it all goes somewhere. Face it, an estate plan may be the biggest financial decision of your life and should never be taken lightly. Any individual owning a home should consider at least a bare-bones or probate-avoidance living trust. Upon consultation with an estate planning attorney, you may realize that your dreams, goals and desires for your loves ones will only be met with comprehensive planning. However – you have spent a lifetime building your estate, preserving it, protecting it for the future. Take the time in 2011 to develop the estate plan for a better future for the ones you love!