

21.2 *your* estate matters

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How to Help De-Clutter Your Parents' Home

Help Them Downsize and Still Preserve Their Legacy

It may be time for your parents to move into a smaller home, or maybe they simply need to minimize decades of possessions and collectibles. Either way, the process can be difficult since items they've saved over the years probably have sentimental value, and "letting go" of those items can be emotionally wrenching. How can you support them?

A great place for you and your parents to start is decluttering areas of their home that are less likely to have items with emotional (or tangible) value, like kitchens, closets, garages, etc. Then determine who will someday receive tangible items with significance or emotional value like jewelry, collectibles, and family heirlooms. One way to accomplish this is to create an Estate Planning Letter, which specifies who will receive their tangible personal property. Unlike a Will or Trust, an Estate Planning Letter only needs to be signed and dated. Simply list each item of personal property and designate the beneficiary making sure to describe each item clearly to avoid confusion or contention after they have passed away. They can create a new letter at any time without an attorney's assistance, but keep in mind, it cannot be used to distribute cash, securities, real estate, and anything that is not a tangible object.

Decluttering can benefit others as well! Encourage your parents to give items away rather than throw them away. Aside from family and friends, non-profit organizations, shelters, and other charities can distribute unneeded household items to those in need. Knowing unneeded possessions will be put to good use can be extremely gratifying, as is the joy gained from giving.

By discarding items with no emotional value—and enjoying the resulting lack of clutter—your parents can ease into the act of minimizing their possessions while still maintaining a sense of control over the process and decisions made.

Don't Miss These Retirement Planning Deadlines

Some decisions you can put off, others you can't. Here are some key deadlines that definitely fall into the latter category:

- ➔ **Required minimum distributions:** You can wait until April 1 of the year after you turn 70.5 to take your first required minimum distribution from your retirement accounts; then all subsequent distributions are due by December 31. Delaying your first required distribution could mean taking two required withdrawals in the same year and potentially increasing your tax burden.
- ➔ **Medicare:** Sign up for Medicare Parts A and B during the seven-month window that begins three months before your 65th birthday. Change prescription plans between October 15 and December 7 each year.
- ➔ **Social Security:** You become eligible at age 62 (but you can delay in order to increase monthly benefits). Full retirement age starts when you are 65 to 67 (or later, depending on your date of birth). Maximum benefits are granted at age 70. Remember, call our office to help you determine when the best time is for you to apply for Social Security benefits.

Put Your Skills to Profitable Use

How to Start Your Own Small Business in 5 Easy Steps

Starting a side business may seem complicated, but in fact, you can take care of most of the administrative details in just a few hours. Here are the steps:

- 1. Get an Employee Identification Number.** An EIN is the federal tax number used to identify your business. While you don't need an EIN unless you plan to form a partnership, LLC, or corporation, it's free and reduces the risk of identity theft by keeping your social security number private. You can apply online at the IRS website. Also consider setting up an LLC to help protect you and your family from personal liability.
- 2. Register a business license.** This form takes minutes to fill out at your city or county offices. While there, ask about other permits and forms you need to complete specific to your business or location.
- 3. Establish a business bank account.** One of the easiest ways to potentially run afoul with the IRS is to commingle personal and business funds (and transactions). Using a

business account for all business transactions eliminates that possibility.

- 4. Set up a simple accounting system.** While you can use business accounting software like QuickBooks, you can get started by creating a ledger or spreadsheet on which you can enter money you spend and money you receive.
- 5. Put your business in a Trust.** If you pass away and your company is owned outside of a Trust, that business will have to go through probate. Probate is a public process which could jeopardize your business value. Making a Trust the owner of your business affords the same protection and ease of transfer of ownership as with any other assets placed in Trust.

Starting a business can be very simple, but depending on your circumstances, some decisions could be complicated. Call our office for help in ensuring your business, like your estate, is set up to benefit you and your family both now and in the years to come.

Is Your Estate Plan Out of Date?

Laws and Life Change... Are you Keeping Up?

Creating an estate plan is only the first step in the estate planning journey. As your life changes, keep in mind you'll need to review your plan periodically to make sure it accurately reflects your current goals and needs. Remember, just as your personal and financial situation can change, so can the law.

For example, if your estate plan was created before April 14, 2003, it is unlikely to take into account HIPAA guidelines that protect the privacy of medical information. If your estate plan was created before December 17, 2010, changes in federal tax laws may mean your plan contains tax planning provisions that are no longer necessary. And think, as time goes on, more laws will change and be introduced as well!

Of course there are other important reasons your estate plan may need to be updated and they include:

- ➔ **Marriage.** Marriage does not automatically change a Will or Trust and may not adequately provide for a new spouse. If you or your new spouse have children from a previous marriage or relationship, your plan should be changed to navigate the complexities of providing for children of blended families.
- ➔ **Divorce.** Once a divorce is finalized, your estate plan should be revised as quickly as possible to reflect any new goals and desires.

- ➔ **Birth or adoption of children.** In addition to providing for a child's financial future, you should also appoint a legal guardian for your child in the event you and your spouse pass away or are incapacitated.
- ➔ **Illness or injury.** If a loved one has special needs, you can leave assets in a Trust that will not disqualify him or her from receiving government benefits. Or you may wish to shift the distribution of assets to help provide for increased financial needs.
- ➔ **Changes in intention.** You may decide to select a different Trustee for your estate; you may wish to distribute assets differently, or include your grandchildren in your estate plan, for example. The possibilities are endless.
- ➔ **Inheritance.** If you or your spouse receive a significant inheritance, there may be new opportunities to reduce taxes or provide creditor protection. The increased value of your estate may also prompt you to change how your assets will be distributed upon your death.

These are just some of the reasons to look closer at your plan. It's possible you may not be aware of other issues that may affect your estate plan. Contact us to review your estate plan on a regular basis to ensure it accurately reflects your *current* needs and intentions.

What's in a Legacy?

Although he was a member of a band that boasts the top selling album of the 20th century, he will be missed for more than entertaining millions of people through his music.

For nearly 40 years he helped at-risk kids through organizations like the Boys and Girls Club, the Aspen Youth Experience, and the Children's Christian Fund. He actively supported the Samuel Waxman Cancer Research Foundation, the Alzheimer's Foundation, and the Muhammad Ali Parkinson Center.

This artist lived an extremely public life, writing and singing hit songs like "Take It Easy," "Peaceful Easy Feeling," and "You Belong to the City," but he kept his philanthropic efforts largely private. "I don't like to publicize a lot of what I might be doing, but I try to do my part, and I just wish that everybody would."

As **Glenn Frey**, a founding member of the Eagles who passed away earlier this year, said, "You don't have to be a successful rock star in order to help people."

What will your legacy be?

Pets and Seniors: A Perfect Match

Pet ownership can provide significant emotional and health benefits. Multiple studies have shown the health benefits of owning pets, with findings reported such as:

- ➔ Reduced stress levels resulting in improvement of mental health and fitness
- ➔ Mortality rate of heart attack patients with animal companions was 1/3 that of patients without pets
- ➔ The presence of a pet was the strongest social predictor of survival for post-discharge heart patients, regardless of marital status or social support

The emotional benefits of pet ownership can be just as powerful. Pets offer affection, a sense of purpose, unconditional love, and a sense of security. Linda Anderson, founder of the Angel Animals Network in Minneapolis say, "Older pet owners have often told us how barren and lonely their lives were without their pet's companionship, even when there were some downsides to owning an active pet."

Consider adopting a pet. A great place to find pets is at your local shelter or through sites like **petfinders.com** and **rescuenetwork.org**. Or, you can visit your local shelter and become a volunteer. Giving an unwanted animal a loving home or loving attention can change an animal's life for the better... and improve your life as well!