HLF

HAYES LAW FIRM

CREATING A LASTING LEGACY

The Best Things in Life Aren't Things

AMERICAN ACADEMY of Estate Planning Attorneys

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CREATING A LASTING LEGACY

If you're like most people you probably just want an estate plan to give your estate to whom you want, when you want and how you want. You don't want to become a lawyer and figure out how to make all this happen.

You just want an estate plan to do what estate plans have traditionally done:

- **Distribute your assets** to the people you choose.
- **Eliminate Living Probate:** If you become disabled or are unable to manage your estate, your successor trustee will step in and manage your affairs without outside interference and expense.
- **Avoid Death Probate:** Placing assets in your Living Trust avoids the delay and cost associated with death probate by eliminating probate attorney's fees and court costs.
- **Protect Your Privacy**: Probate is a public process. Anyone can find out how much you had, to whom you left your assets, and other information about you. A Living Trust avoids probate so your business stays your business.
- **Minimize Taxes and Other Concerns:** Living Trusts can shelter assets of the first spouse to die from federal and state estate taxes, but also from other concerns, such as creditors, a divorcing spouse after remarriage, etc. This allows as much of the assets as possible to go to the intended beneficiaries

Traditional Estate Planning can certainly address legal technicalities and basic financial concerns, but most people want to pass on much more than just financial assets. *Legacy Wealth Planning* is a revolutionary approach that helps to plan for the monetary *and* emotional aspects of death. In other words, it helps to minimize the effects of your death on your family, and ensures your legacy lives on through those you love.

Complete Legacy Planning covers all the same financial concerns that a traditional estate planning approach addresses but it also looks after *non-financial assets and concerns* that traditional planning does not address in a number of unique ways.

CONSEQUENCES OF TRADITIONAL PLANNING

Historically, it has been common to see a traditional estate plan give an estate (all financial assets) to heirs in what is referred to as an "outright distribution." All this means is that most traditional plans simply handed over the entire estate to the heirs right away. This typically addresses assets like real property, retirement plans, and the "things" that are passed along to the next generation.

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Given the fact that there has never been a time in history when more wealth has been available to pass on to future generations—we are now seeing many problems with "outright distribution" plans that really never had an opportunity to be as widespread as we have seen in recent years.

By second and third generation, the inheritance has been squandered or reduced to an unrecognizable size. What lessons were taught to those heirs? Was the true *value* of the estate really passed on?

DON'T SQUEEZE THE TOOTHPASTE!

Outright distributions are akin to squeezing all of the toothpaste out of the tube. Anyone can get to the estate if it is not protected by the plan that you use to pass it to the next generation. Like toothpaste, once the estate is distributed outright to someone, you cannot put the estate back into the plan to protect it.

Rather than passing your entire estate in one moment to your heirs—there is a technique we frequently rely on to protect the bulk of an estate. This technique is to simply leave the estate "in trust" rather than distribute everything at once as an "outright distribution."

By having the estate remain in the trust—with your heirs able to use what they need to use, as they need to use it—the estate remains protected in a variety of ways that it is otherwise vulnerable:

PROTECTION FROM CREDITORS AND LAWSUITS

The number of problems that can arise when an entire inheritance is simply handed to the next generation is absolutely staggering. It is not unheard of to have everything you've worked for your whole life at risk in a frivolous lawsuit your heirs may find themselves mixed up in. If your estate is not actually in the name of your heirs—but rather in the name of the trust your heirs can access, your estate is protected from surviving spouses, creditors and lawsuits!

DIVORCE PROTECTION

With divorce touching over half of the marriages in this country—your entire inheritance is at risk of being part of the marital settlement of your child or grandchildren if they find themselves in divorce court. Leaving assets in the name of the trust protects your estate and *your* heirs.

REMARRIAGE PROTECTION

Second marriages are more predominant than ever before. You may want your estate passed to your spouse at your death. In the event that your spouse remarries you may want that inheritance kept in the family you and your spouse have created—rather than shared or diverted to the children of a second marriage. Leaving the inheritance in the name of the trust gives the access only to those you specifically name ahead of time.

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A PURPOSE DRIVEN ESTATE PLAN

In addition to setting up the "protection" of what you have spent a lifetime accumulating—most people want the years they have invested in building their estate to actually mean something. What good does it do to pass an inheritance to an heir who doesn't appreciate what it takes to create such an estate in the first place?

INCENTIVES

You can incorporate incentives to remind family members of their work ethic, like creating financial motivations to earn a college degree, or to do charitable work in the community, or to stay married… In any case, the goal is to pass on wealth and non-financial assets so it truly benefits heirs and is not wasted or squandered.

LEGACY PLANNING LETTER

Descendants often argue more over the distribution of personal possessions than over more valuable assets. To ensure your heirlooms and prized possessions are distributed according to your wishes, families can create a *Legacy Planning Letter* that is a part of the overall Legacy Wealth Plan.

You can also pre-plan your funeral arrangements. Taking the time to decide who should receive your personal items, and spelling out your funeral and burial intentions ahead of time relieves a lot of burden for loved ones later.

DOCUMENT YOUR VALUES AND HISTORY

Sharing family history sometimes seems like the "Telephone Game." If you line up eight people and whisper a story about your family to the first person, that person may get about 90% of the story right as they repeat it to the second person… and so on and so on… until by the eighth person the story no longer resembles the story you originally told.

Your legacy – and the legacy of your ancestors – also includes your family's values, history, traditions, and anecdotes. Your family will appreciate the assets you pass on, but they will treasure, even more, the memories and stories you leave behind.
Legacy Wealth Planning keeps the "Telephone Game" versions of your stories accurate. Using any number of techniques or tools to help capture and preserve the stories of who you are and the difference you and your family have made in the lives of others is important.

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Here are some ways you can preserve and pass on your legacy to your family:

- **Write down all the stories** your grandparents and other relatives have told you; their stories tell you who they were and where they came from. Creating "biographies" or scrapbooks can also bring your family closer as stories are shared.
- **Create and organize photo albums**, putting names and dates to faces and events. Make sure you make copies or scan your photos, add captions, and don't store your precious memories in shoeboxes.
- **Create a website to "store" your photos** and stories. Or you can create a blog so family around the world can add stories and comments.
- **Create a DVD** of home movies, recordings, photos, etc. Family members can help, or you can outsource the project for reasonable rates.
- **Tell your story in person**. Even though you can and should put together albums, scrapbooks, websites, and DVDs, tell your stories around the dining room table. Your children and grandchildren need to see your eyes when you talk about the war. They need to grab a tissue when they hear your voice quiver talking about the child you lost. They need to laugh until they cry because as they picture the child who still lives inside you … Telling your story is the best way to keep your story alive.

KEEP YOUR PLAN UPDATED

Creating a Legacy Wealth Plan is just the first step in the estate planning process; the next step is to periodically review your Plan to make sure it accurately reflects your current goals and requirements. Chances are your personal and financial situation will change over the years. Schedule regular review meetings to update or revise your Plan because of life events like:

- Marriage
- Divorce
- Birth or adoption of children
- Illness or injury
- Changes in your intentions or goals
- Changes in non-tax laws
- Changes in tax laws
- Inheritance
- Change in assets
- Change in residence

When major personal or financial events or changes have occurred (like marriage, the birth of a child, divorce, or selling or buying a business) be sure to review your plan to ensure your trust incorporates necessary changes. If your personal situation hasn't changed, periodic reviews can assess the impact of federal or state laws.

Legacy Wealth Planning is a lifelong activity and is the best way to protect all aspects of your family wealth, history, and values. It is important to ensure your Plan evolves and changes with you and your family.

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