

Two Minute Legal Update

ROBERT T. NAPIER & ASSOCIATES, P.C.
www.napier.com



200 South Wacker Drive, Suite 750 / Phone: (312) 756-1111 / Facsimile: (312) 756-9000
1900 East Golf Road, Suite 600, Schaumburg, IL 60173 / Phone : (847) 995-0011

Free Advice

1. Unless you like Russian Roulette and getting personally sued, own your investment real estate in a limited liability company.
2. Make your \$12,000 annual exclusion gifts early in the year.
3. Own your assets in a Brick House Trust™ to offer protection to your loved ones from divorce, estate taxation, and lawsuits.
4. Please notice (above) that our Chicago address and telephone number have changed.
5. Make sure your loved ones—especially those of a prior generation—have their estates properly planned. This is a great opportunity to protect younger generations. See paragraph 3 above.
6. Confirm your beneficiaries and contingent beneficiaries of your life insurance, 401(k), and IRA's. If this paperwork is lost by the company holding those assets, it may be your problem and can have huge negative income tax implications.
7. Make annual exclusion gifts in cash – not appreciated stock. Otherwise, your loved ones will pay the capital gains tax thereby reducing the value of your gift.
8. If your estate is taxable and you have IRA's, consider leaving some or all of the IRA's to charity (or your own foundation). This may help avoid paying estate taxes and income taxes on the IRA's.
9. If your estate is taxable, update your Illinois trusts by 2009. As of 2009, the federal exemption will be



Ben Srodon, Casper Srodon, Catherine Napier, and James Napier join Dr. Paul Sereno at the University of Chicago to examine the 6-foot long skull of SuperCroc. Dr. Sereno discovered SuperCroc in the Sahara Desert.

\$3.5 million while the Illinois exemption will only be \$2 million.

10. Beware of state estate taxes in other states where you own real estate.

11. If you have a taxable estate, consider making big deathbed gifts to avoid Illinois' estate tax. This can save over 8% of your assets.

Quips and Quotes

"We are here for a spell; get all the good laughs you can."

—Will Rogers

12. Consider making Florida your state of domicile if you spend a lot of time there. Florida no longer has its intangibles tax, it has no income tax, it has no estate tax, and you will enjoy more favorable property tax treatment.

13. Consider transferring your life insurance to an irrevocable trust. Although life insurance is not income taxable, it is estate taxable. Moving the ownership and beneficiary to an irrevocable trust may eliminate the estate taxes on your life insurance proceeds.

14. Make sure both spouses have sufficient assets in their own name to fund their estate tax exemptions.

15. If you are married and have assets between \$1 million and \$7 million, look for our next newsletter. It will offer a unique solution to the question of which spouse should own which assets.

16. Resign immediately as trustee of custodial accounts which you funded. Otherwise, the IRS may assess an estate tax against you (even though you do not legally own those assets) as custodian of accounts you funded for others.

17. Hug your loved ones.