



# RUN, DON'T WALK



*When I was kidnapped, my parents snapped into action. They rented out my room.*

— Woody Allen

We have often commented that estate planning deals with that which is most important to people – family, health, wealth. If you agree with that assessment, run, don't walk, to address the following issues:

1. Use your entire estate tax exemption. Far too often estate tax exemption is wasted! Remember that married couples should probably not count their retirement assets as available to fund their exemption trusts. Of course, retirement assets can be paid to trusts to use exemption, but doing so may unnecessarily accelerate income taxes. That is the case because surviving spouses enjoy continued income tax deferral. Trusts are not surviving spouses – so less or no income tax deferral may result. Tally your non-retirement assets to see if you have enough to fully utilize your estate tax exemption. If not, contact your professionals immediately. Note that the costs of this exercise typically will be inconsequential compared to the savings.

2. Verify that your beneficiary designations properly reflect your wishes. This would include life insurance, retirement accounts and joint tenancy assets. Remember that those designations and forms of ownership trump the terms of your trusts.

3. Confirm the location of your existing estate planning documents and share the location with your loved ones. The law presumes that you have destroyed them if the original documents cannot be located.

4. Stop accumulating more wealth. Why? You already pay 20-40% of your earnings in capital gain or income taxes. Ultimately, larger estates pay a 45% federal estate tax and Illinois adds on tax – total es-

tate taxes exceed 50%! Stop investing for the government and plan your affairs to benefit others, including your spouse, children, or other loved ones.

5. Consider whether a conversion from your traditional IRA to a ROTH IRA would make sense now.

6. Revisit your estate plan more often than once a lifetime. Remember that people, hairstyles and laws change. You need to address your estate plan at least every five years and more often if you have a major life event (marriage, divorce, death, inheritance, or state relocation) or should significant changes to state or federal laws occur.

Run, don't walk to address these important issues.



*Bob's daughter, Catherine, runs for her high school cross country team. She is off to college in the fall, but her room will not be rented.*