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You don't pay the max income tax each April 15th. So why pay unnecessary taxes to IRS when you're dead?

That's effectively what happens with:

- "simple" wills,
- revocable or living trusts, and
- computer-generated legal papers or copied forms, which omit the tax tools available for *your* particular assets.

And that's why IRS *loves* simple estate planning. Or none at all.

What's the price of "I don't care"?

Try these examples from people who should have known better:

- The lawyers wrote in *The Wall Street Journal* that they just sent a \$1.3 million check to the U.S. Treasury for a parent's estate. They didn't like it one bit and blamed the government. Only a passing nod of blame went to the parent, who had refused to do any estate tax planning at all.

- The retired CPA never put the most basic tax paperwork in place while her husband was alive. She didn't do anything when he became ill. The CPA *still* didn't do anything when her husband died. After she passed away, too, their children wrote a five-figure check for estate taxes.

- The couple with everything in IRAs filled in "form" beneficiary designations. When they died, the amount which *could* have been tax-sheltered was fully taxed. (Worse, their heirs could have cured that tax problem in the nine months after death, but the "financial planners" never told them how.)

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Is a simple Will ever worth it?

Maybe, if your assets are below \$675,000. And strategically, that's for *you* if you're single, or for *both* of you if married.

"This can't happen to me; I've got a Living Trust."

Forget the articles, "free" seminars, and ads: no form Living Trust automatically contains tax-saving, probate-avoiding, and asset-moving benefits tailored to what you have.

At best, you have a starting point; at worst, a placebo.

Reality: Living Trusts don't eliminate needing a Will unless *every* asset is titled in the trust. A simple "pour-over" Will can clean up what's left out of a trust, but it *is* a Will.

Reality: A Living Trust doesn't affect any tax — estate, gift or income — unless the Living Trust has the same tax-saving devices you'd put in a Will.

Reality: A Living Trust doesn't eliminate filing an Estate Tax Return. The same appraisals IRS requires are needed. And a final Income Tax Return still must be filed.

"Forget it. Everything's in joint accounts with my kids."

You don't want to be the child who "inherits" a parent's joint account to divide among your siblings. You could get tax problems of your very own:



- The "\$10,000 per person" gift tax rules apply to what Mom left you to give to your brothers and sisters. When you start giving more than this amount, you're using up your *own* estate tax credit.

- If you're dividing up stock that's gone up since the date of death, sister and brother get *your* basis, not the stepped-up one. You also could get your own capital gain. It's not a nice day.

The quick answers.

List the assets by whose names they're in. Decide what's to go where, both to cover disability and upon death.

Then find out the latest tools and strategies which can be used with those assets.

Remember: sophisticated assets require more than simple answers.

Want help? That's why we're here.

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