

The Importance of an Estate Plan

(In Ten Minutes or Less)

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Why Do You Need an Estate Plan?

- If you don't create one, the State does it for you (intestate succession laws are the "default estate plan"); this can lead to results you don't want
- Probate avoidance and estate tax minimization
- Avoid family disputes
- Appoint guardians for minor children

The Basic Estate Plan

- Last Will and Testament
- General Durable Power of Attorney (very broad powers)
- “Statutory Short Form” Power of Attorney (for financial matters)
- Health Care Directive (your wishes on health care matters, especially treatment of terminal conditions)

What to do with the dogs (or cats)

- MN does not allow trusts for pets
- Your will requires special language if you want to provide for someone to take care of your pets upon your death



What About Trusts?

- Use of a revocable trust takes away the need to probate your estate
- BUT: make sure to fund the trust (i.e., re-title your assets in the name of the trust)
- Easy to transfer assets to beneficiaries of a trust upon death of grantor
- Private (probate – public proceeding through a court)
- No tax benefit to a revocable trust

Irrevocable Life Insurance Trusts

- Life insurance proceeds are non-probate assets
- BUT: life insurance proceeds are included in your taxable estate for estate tax purposes
- Solution: irrevocable life insurance trust (ILIT); after the policy/policies have been in the trust for three (3) years, the death benefits will be excluded from your taxable estate

Planning for Business Owners

- Nothing specific in intestacy statutes regarding transfers of businesses or real estate
- Buy-sell agreements funded with life insurance; owner dies, other owner(s) buy his interest with life insurance proceeds
- Real estate: family limited partnerships (FLPs) with gifting program (and use of valuation discounts) allow transfers to children/grandchildren free of gift tax

Reviewing & Updating Your Estate Plan

- Marriage/Divorce
- Death of a spouse
- Children
- Change in financial circumstances
- Regular review and updating of your plan is a must in order to avoid unintended consequences!

Our Process

- We give you a “homework assignment” – asset information, family information, your desires as to who gets what, etc.
- We review this information at no cost and give you a recommended plan and a fee quote for implementation of the plan
- We work in tandem with, not exclusive of, your advisors (financial advisor, CPA)

Average Fees

- Will for single person: \$750.00
- Wills for married couple which create trusts for children on parents' death: \$1,000.00
- Revocable trust for single person: \$1,500.00
- Revocable trusts for married couple: \$2,500.00
- Irrevocable Life Insurance Trusts: \$1,000.00 for 1 set (husband & wife)
- More complicated trusts: fees vary

COMPARED WITH:

AVERAGE COST OF PROBATE: \$10,000.00

Any estate plan costs less than not having one at all!

Ideal Referral

- Mom & Dad
- Yourselves
- Family, friends



Questions?

Thank You!

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