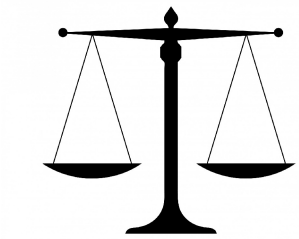
THE
NO HYPE
DOWN TO EARTH
ESTATE PLANNING
GUIDEBOOK



By: Attorney David Carl Hill, WSBA 9560

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March 2018

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TABLE OF CONTENTS

I. INTRODUCTION

I have been in practice as an attorney since 1979. Estate planning and asset protection has been a significant part of my practice. I have watched estate planning and asset protection issues evolve over the years, sometimes in good ways and sometimes in bad ways.

The good news regarding estate planning relates to estate taxes. When I first began practicing law, any estate worth more than $147,000 was subject to an estate tax, beginning with a rate of 18% and climbing to 70%. By the time estate planning became a significant part of my practice, the minimum size of an estate subject to tax was $600,000 and the maximum rate was 55%. Currently only estates worth in excess of $11,200,000 are subject to the federal estate tax and the top rate is 40%. The only downside is that many states, including Washington have their own estate taxes and the thresholds are much lower. The current minimum estate subject to tax in Washington is $2,193,000, with rates starting at 10%.

The bad news regarding estate planning relates to Medicaid assistance for long-term care. Of all areas of estate planning, that appears to be the most volatile. It has become increasingly difficult to protect assets from the high costs of long-term care.

Over the years I have listened to the hype on all sides of the estate planning challenge. One group will tell you that probate is the worst thing that can be inflicted on a family and must be avoided like the plague. Another group will tell you that probate is relatively painless and that living trusts can create all sorts of other complications. Another group will tell you that you need to hide all of your assets in elaborate trusts and limited liability companies (LLCs). While each of these, and other arguments have merit, they often distort the rest of the story.

I wrote this guidebook to cut through the propaganda on either side and get to the facts as

it relates to you and your estate. Although I have never done a good tally, I estimate that I have created close to 1000 trusts and probably twice as many wills. I have created several hundred limited liability companies and family limited partnerships, as well as corporations. I have also handled hundreds of probates. There is no "one size fits all" when it comes to estate planning. My hope is that this guidebook will give you a better perspective on estate planning in general and help you to determine the best course of action to protect your assets and pass them on in an orderly fashion.

DISCLAIMER: The information contained in this publication is for educational purposes only and does not constitute legal advice. Furthermore, the receipt of this pamphlets does not create an attorney-client relationship. You should consult with a legal professional to establish your estate plan.

II. WHAT IS ESTATE PLANNING AND ASSET PROTECTION

Estate planning is the process of organizing your financial and personal affairs in such a way that you are able to enjoy the fruits of your labor in this life and pass your legacy onto your heirs. You will note that I define this as a process rather than a set of legal documents. Life is filled with twists and turns. A static set of documents may not address those changes.

While I describe estate planning as a process, it does not mean that you need to keep an attorney on retainer. It does mean, however, that you need to periodically pull your documents out, dust them off, and review them to make sure that the plan still fits your current needs.

Asset protection is a part of estate planning. We live in a very complex and litigious society. Asset protection is designed to reduce the risk of loss due to circumstances often beyond our control.

Asset protection can be as simple as a well drawn power of attorney or as complex as multiple limited liability companies, your revocable trusts and other devices.

III. ESTATE PLANNING MYTHS AND MISTAKES

a. Joint ownership Trap

I refer to joint ownership as being punished for the sins of the children. What I mean by that is that with joint ownership your property becomes subject to potential claims of the person, or persons, you name as joint owners. I spend a lot of time in bankruptcy court representing debtors. From time to time I run into situations where the parents have named my client as a co-owner of their real estate or other assets. The obvious intent was to avoid probate. However, the debtor's interest in that jointly owned property becomes part of the bankruptcy and could be sold to pay creditors.

The most common situation involving jointly owned property is the bank account. You want your daughter to have the authority to deposit money or pay bills for you when you might be out of town or ill. You and your daughter go to the bank and the bank officer happily suggests a joint account with the daughter. The banker seldom tells you that there are other ways of accomplishing the same thing without exposing your bank account to the risk that your daughter could get into financial trouble. The easiest alternative is to set up a power of attorney (POA) account. Your daughter will have the authority to manage the account on your behalf, however, she has no ownership interest in the account. Likewise, her creditors have no interest in your account. If you want that account ultimately to be paid to her on your death, you can add an additional payable on death (POD) designation on the account.

b. Where there's a will there is a way–to probate.

A common misconception about wills is that they avoid probate. The reality is quite the contrary. You should think of a will as a wish list. When you die you want certain things to

happen to your property. However, when you die, that will does not automatically transfer anything. The personal representative you named in your will, has no legal authority until he or she has been appointed by a court to fulfill your wishes. That is what probate is all about.

c. There is no need for probate for estates worth less than $600,000.

This myth has its origins in estate tax law. The "threshhold value" where estate taxes became due was $600,000 for many years. It is now over $11 million. However, this has nothing to do with whether a probate is necessary or appropriate. I have filed probates for estates worth less than $10,000 (although that is really unusual).

d. Probate is a horrible, expensive, time consuming burden.

Washington has one of the "best buy" probate systems. It normally is not overly expensive or time consuming. It is generally a pretty boring process. Wills are seldom challenged and the attorneys will usually let the personal representative do much of the administrative work. The key is for the family to be good consumers. If the fees seem unreasonable, shop around. Fees should be based on an estimated amount of time to complete the work. If the attorney wants a percentage of the estate, *RUN*!

e. A living trust will protect assets from creditors.

You cannot create a trust to hide your assets from creditors. I had a bankruptcy trustee undo a charitable remainder trust because the client continued to receive benefits from it and had creditors at the time the trust was created. This is especially true as it relates to Medicaid planning. Since a living trust is generally revocable, it is essentially treated as your alter ego.

f. A living trust is overkill.

While a living trust is not for everyone, it is a very valuable tool for many estates. First, and foremost, if it owns all of the assets it may eliminate the need for probate. It is often easier and more efficient than the probate system. It is also a private document. By contrast, a will becomes a public document once it's admitted to probate. A trust is especially useful if you own property in multiple states since it eliminates the need for probate in each state.

IV. LIVING TRUSTS–JUST THE FACTS

a. What is the difference between a Will and a Trust?

The ultimate goal of either a will or trust is to provide a way to pass property to your heirs after your death. However, the way this goal is accomplished is significantly different between these two options.

Think of a will, like a wish list. When you die you wish, or want your property to be divided in a certain fashion and you want someone specifically named to administer the process. Since that will only becomes effective on your death, it only affects property you own as of the date of death. In order for a will to beome effective, it must be approved by a judge. This is what probate is all about. The judge gives the personal representative named in your will the authority to carry out your wishes

A trust, by contrast, is effective immediately. Technically, you have created a separate legal entity and that entity will hold certain property. Since you are normally the trustee and beneficiary of the trust, you retain the right to enjoy the assets and essentially do whatever you want to with them. However, when you die, the trust becomes irrevocable and your successor

trustee is bound to divide those assets that belong to the trust, according to the specific terms set in the document. Since this is a contract, the appointment of your successor is governed by the document. It is therefore essential that you transfer title or ownership of major assets to the trust. Otherwise you have an expensive document that will not be effective until the supporting will is probated.

b. Types of Trusts

1. Revocable Living Trust.

The most common trust is the Revocable Living Trust or, if you want to use technical terms, the Revocable Intervivos Trust. A revocable trust gives you the most flexibility. You can change it at any time or eliminate it. It also is effective during your lifetime.

This is a separate legal entity, however, because the trust is revocable it is considered a disregarded entity. That means you **do not** need to file a separate tax return for the trust. Any income earned by an asset that belongs to the trust will be reported as your income.

The entity controls the distribution of income and assets that belong to the trust. Those assets are therefore not subject to probate after death. The key to avoiding probate, therefore, is for the trust to own your assets. There are certain exceptions to the rule. The trust should not be named owner of any deferred income tax asset, such as an IRA or a 401K. If ownership of one of these is transferred to the trust, the IRS will consider that a taxable transfer. The trust may be named as a beneficiary of the IRA. However, you should discuss the advantages and disadvantages of this with your financial advisor.

This trust is especially useful if you own property in multiple states. Since the authority

of a probate court applies only to property located in that particular state, multiple probates could be required. A living trust eliminates this problem, so long as the trust owns the real property in each state.

A trust can also be used for some family social engineering. I have set up trusts that only allowed a distribution to a child if he or she completes a drug or alcohol treatment program. I have had other trust provisions that required the child to achieve a certain reading level in order to qualify for benefits. Trusts can be scheduled to distribute immediately to beneficiaries or the distribution can be spread out over a number of years and be made in stages. There are as many potential variations to the trust language as there are people.

2. The A/B Trust

A trust offers other potential benefits besides avoiding probate. This has been a popular device to minimize or eliminate estate taxes. This type of trust has lost some of its luster due to the increasing thresholds for the estate tax. However, it also has some potential non-estate tax related benefits as well.

Technically, there is no estate tax on the first dollar value of the estate. However, that tax is subject to what is referred to as the unified credit for estate taxes. The federal unified credit now will protect an estate worth less than approximately $11 million. Because of this change a minute fraction of the population will at some point need to deal with an estate tax liability under federal law. However, many states, including Washington also have a state estate tax and the threshold may be significantly different. In Washington the threshold is $2.1 million.

The A/B Trust is set up to split into two parts. Upon the death of one of the spouses. The B Trust usually, but not always, is funded by the lesser of one half of the assets or the maximum

amount that will pass free of any estate tax liability. Normally, the rest of the assets are allocated to the A trust. Since any assets allocated to the surviving spouse qualify for a marital deduction against the tax liability, the size of that trust is not relevant for tax purposes on the first death. However, obviously, becomes more relevant upon the second death.

The A/B Trust format has a benefit beyond the tax aspects. It is especially useful in a blended family situation. It can be structured so that the surviving spouse has the income benefits of the deceased spouse's assets, while providing that the assets of the deceased spouse will ultimately be distributed to his or her heirs.

3. The Irrevocable Trust

The benefit and disadvantage of an Irrevocable Trust can be found in its name. Once an Irrevocable Trust is established , it is almost impossible to change. Any assets owned by this trust are completely subject to its terms and limitations. There are good uses and bad uses for this type of trust. This is a good device for keeping life insurance from being included in the estate for estate tax purposes.

A common Irrevocable Trust is the Charitable Remainder Trust. This type of trust allows the creator to place various assets in a trust and receive income off the trust. Upon the creator's death, the remaining assets pass to one or more named charities. As a result, the asset is not included in the person's estate for estate tax purposes and the creator can obtain an income tax deduction for the donation.

A common use of an Irrevocable Trust is to provide a secure funding mechanism for the education or other needs of children and grandchildren. This may also allow you to reduce the size of your estate for estate tax purposes while benefitting your children and grandchildren.

Some have advocated the use of an Irrevocable Trust as a method for sheltering assets from creditors. This technique is a minefield. If you retain any benefits from the trust that you create, creditors may have the ability to either undo the trust or at least seize your benefits. The creation of such a trust might even be considered a fraudulent conveyance if you transfer significant assets to it at a time when you know or reasonably should know that you could be subject to significant litigation.

Some people have considered creating an Irrevocable Trust to qualify for Medicaid benefits. If you are considering this, I have one word for you: ***DON'T***! This type of trust will only be successful if you never apply for Medicaid. Otherwise, you may lose all of the assets that might have been protected using other methods. Medicaid planning has enough twists and turns that even a professional shudders at the task.

4. IRA trusts

An IRA is often one of the largest assets of an estate. The question is, what is the best way to pass it on to heirs? Traditionally, the two options were to name the heirs as beneficiaries or name the revocable trust as beneficiary.

If the heirs are named as beneficiaries there are some risks that might affect the IRA. First, unless the heirs are properly instructed, they may take the lump sum and be subject to the full income tax on distribution. Even if they roll it into their own IRA, they may still be required to take required minimum distributions over a shorter time frame.

The second risk associated with naming heirs as beneficiaries of the IRA relates to asset protection. The IRA was created as a safe haven tool to allow a person to build a tax deferred retirement fund. Congress and most state legislatures enacted laws to protect that fund from the

creator's creditors. However, the United States Supreme Court recently ruled that this protection extended only to the original creators of the IRA. The heirs are not entitled to that same protection. Thus, the IRA becomes subject to all the the recipient's creditors.

The revocable living trust may be the beneficiary, **but not the owner**, of the IRA. This might shelter the benefits from the claims of the creditors of the beneficiaries of the trust until the funds are distributed. However, it might also trigger the income tax as soon as the fund is paid over to the trust.

A relative new option for IRAs is the IRA Trust. This trust is set up exclusively to manage the IRA on behalf of the heirs. This has both tax and asset protection advantages. First, it can be set to pass the income and principal to each beneficiary or merely the required minimum distributions. The required minimum distribution is also based on the age of each heir, which usually is less than the income earned each year on the investment. Finally, since the heirs never take possession of the IRA, it is not subject to their creditors.

5. Special Needs Trusts for disabled beneficiaries

A disabled individual has some distinct needs with regard to estate planning, especially if he or she is receiving state or federal disability benefits. Those benefits provide only a subsistence standard of living and medical care. Those benefits can be lost or suspended if the recipient receives even a modest inheritance.

A disabled individual can receive help from a special needs trust without losing the government benefits, so long as the trust has the proper restrictions built into it. The trust can be used to provide those items or services that are not otherwise covered by the government subsidies.

V. OTHER ESTATE PLANNING TOOLS

a. Community Property Agreement

The simplest tool for husband-and-wife is the community property agreement. For many years. This was a document unique to the state of Washington. A few other states have since adopted similar documents.

You are probably wondering: isn't Washington a Community Property State? The answer is yes. If so, why do we need a community property agreement. The following is a short primer on community property law.

Marital property laws in the United States fitted two categories: common-law and community property law. The common law has its origins in England and was brought to the early colonies. Community property law has its origins in Spanish culture. Those states that were formally under the control of Spain and subsequent Mexico continued that tradition. The French also use community property law and that law was adopted by the French colonists in Louisiana.

Under common law property ownership is very individual. Property titled in the husband's name is presumed to be his and property titled in the wife's name is presumed to be hers. While, husband and wife may jointly own property, it must be specified on the document.

Community property treats husband-and-wife as equal partners and thus equal owners of any property acquired through their efforts during the course of the marriage. There are exceptions to the rule. Any property brought into the marriage is presumed to be the separate property of the individual bringing it in. Any property acquired by gift or inheritance is

presumed to be the separate property of the recipient.

Community property ownership, by itself, does not eliminate the potential need for a probate. A probate court may be required to clear title to property and bank accounts, especially where the ownership was not clearly spelled out.

The community property agreement does three important things. First, it declares that all property acquired by the parties will be considered community property. Second, any property acquired in the future will also be considered community property. Third, upon the death of one of the spouses, all property immediately passes to the surviving spouse. As a result, probate will not be needed for any property existing in the State of Washington.

There are a couple of downsides to community property agreement. It could create some estate tax consequences in a larger estate. It may not protect children in a blended marriage situation as well as a traditional will or trust. Third, it only applies to property in the State of Washington. If you own property in another state, you may still be required to go through the probate process unless the properties are held in some other fashion, such as a trust.

b. Beneficiary Deeds

The Beneficiary Deed is a relatively new estate planning tool. It can, when used carefully, eliminate the need for probate with regard to the select real estate.

The Beneficiary Deed allows you to transfer real property to named individuals. However, that transfer is effective only upon your death. You retain complete control of the property during your lifetime. This is different from a Life Estate Deed. A Life Estate Deed gives you the right to use the property during your lifetime then irrevocably transfers the property

to named remaindermen upon your death. You cannot sell the property, other than your lifetime interest, without the consent of the remaindermen, because they own an interest in your property.

The Beneficiary Deed, by contrast, remains revocable during your lifetime. You confer no title or interest to the beneficiary, until such time as you are deceased.

There is a capital gain benefit to this deed, which is similar to that of any asset that is transferred on death. Your beneficiary will be entitled to a step up in basis to the fair market value as of the date of your death. That will minimize any potential capital gain tax that the beneficiary might otherwise be stuck with if the property is subsequently sold.

There are some potential risks with this type of deed. The most obvious is that it supersedes any subsequent estate plans to the contrary unless it is revoked as part of the estate plan. It is also a public record. It might also be a potential future headache. If multiple heirs are named as recipients of the property.

c. Powers of Attorney

Every state should include Powers of Attorney. That said, the question then becomes, what is a Power of Attorney and why is it so important.

A Power of Attorney is a document that appoints someone else to act on your behalf and for your benefit. That person is referred to as an "attorney in fact." That person can, depending upon the document, have full authority to administer all of your assets and even change some of your estate planning documents. The Power of Attorney can be as broad or as limited as you believe necessary and appropriate. However, unlike a guardianship, you retain your rights to administer your assets and make your health care decisions for as long as you are competent to

do so.

There are two general types of Powers of Attorney. The first is a Special Power of Attorney and is used for unique and limited purposes, such as the sale of property or the transfer of financial assets. The more common Power of Attorney is a General Power of Attorney with Durable Provisions. A "Durable" Power of Attorney is an attorney that remains effective regardless of your subsequent incapacity. Without that durable provision, the Power of Attorney becomes unenforceable upon incapacity. The Durable Power of Attorney can also become effective immediately or based upon some future event, such as incapacity.

A General Power of Attorney can address financial matters or healthcare decisions or both. In the past I have combined both in a single document. More recently however, I have reconsidered my approach to Power of Attorneys and now create separate Power of Attorneys for financial and healthcare matters. I take this approach because I believe that a financial power of attorney generally should not become effective until incapacity. While there are obvious exceptions to the rule, I find that most people prefer to retain exclusive control over their financial decisions for as long as possible.

By contrast, I make the Healthcare Power of Attorney effective immediately. I do not want critical healthcare decisions put on hold while we wait for a doctor to sign off on a document declaring the individual incapable of making decisions regarding his or her critical care.

VI. ASSET PROTECTION

An estate plan is insufficient if it does not at least consider appropriate asset protection tools. We live in a very complex and litigious society. A willfully executed estate plan is worthless if the assets are lost to creditors or governmental agencies. A good attorney should always at least address the issue.

A. Fundamental Protection

In many states existing laws will protect critical assets, at least to a point. For instance, in Washington you may protect your homestead up to $125,000 of equity above and beyond any existing mortgage. What this means is that if you are sued, creditors cannot go after your home unless they can assure the court that they can sell the property for enough money to pay off the existing mortgage, closing costs, and put $125,000 in your pocket.

The rules that protect retirement benefits are even more generous. Subject to certain limited exceptions, tax-deferred retirement accounts such as IRAs, TSP's, pensions, and 401(k)s are 100% protected from creditor claims.

There are rules to protect other assets, such as vehicles and household furnishings. However, those rules are much more restrictive as to the dollar amount that can be protected.

The protections for these assets are not absolute. They do not prevent the IRS from seizing assets, for instance. In addition, they do not offer a lot of protection from Medicaid. That thorny issue we will discuss a little later.

b. Limited Liability Companies

There are certain assets that carry with them a significant amount of risk. These traditionally are business interests and investment real estate. The two most common ways of protecting these assets are the creation of either a corporation or a limited liability company (LLC). I personally prefer the LLC for most businesses and investments.

A number of my clients have rental properties as part of their estate portfolio. Rental property is somewhat risky. If a tenant is injured on the property, he is going to sue you for damages. If you do not rent to a prospective tenant, you may be subject to a discrimination claim. While I always recommend that you maintain a good insurance policy, some things may not be insurable. If a claimant is awarded a large enough judgment against you, he can pick and choose which assets he wants to seize to satisfy the judgment. This is where an LLC becomes a valuable tool.

When the LLC is created, the rental property is transferred to the LLC. If someone claims injuries caused by the LLC, the claimant can only go after assets belonging to the LLC. Your personal assets are normally shielded because they do not belong to the LLC.

An LLC is not foolproof. It must be maintained as a separate legal entity. If you use the LLC as your private piggy bank. You will lose the protection.

The LLC also gives you a good mechanism for gifting property to your children over time. The beauty behind this type of gift is that you can gradually transfer interests in the LLC to your children while retaining control of the LLC. There are enough restrictions in the LLC agreement to limit your children's ability to "give away the farm." In addition, there are some nasty provisions under state law that make it very difficult for creditors to go after your children's

interests in the LLC.

c. Gifting: the Good and Bad.

A good gifting plan can reduce the size of your estate and potentially reduce some of your exposure. There are some obvious and some not so obvious disadvantages to giving away property, however.

The obvious first disadvantage is that once it's given away, it's gone. That could be a real problem if it is producing income that you otherwise rely on as part of your retirement. While we hope our children take care of us in our old age, giving all your property to them is no guarantee that will happen.

A second problem with gifting relates to a concept referred to as a "fraudulent conveyance." A fraudulent conveyance occurs when you give away a significant portion of your assets at a time when you know, or reasonably should know that there are pending claims against you. This is the old story of the man who sold his million-dollar house to his brother for $100 in order to avoid creditors. The creditors and their attorney get the house and he gets the legal fees from his attorney.

There are ways to legitimately gift away property while retaining the benefit. As mentioned in the context of LLCs, you can give away interests in the LLC while retaining management authority. You can allocate a significant portion of the income to yourselves as managers, while reducing the size of your estate.

Another option is to create a retained income type of trust. You can designate yourselves as the income beneficiaries, while naming your children as the residual beneficiaries. The

downside is that you may have locked away your ability to access the principal. In addition, this trust would still be subject to the fraudulent conveyance rules and also would disqualify you for Medicaid assistance.

A variation on the above-mentioned trust is the charitable remainder trust. This is a great tool if you want to give away property to a charity but retain the benefit of it during your lifetime. You can retain the right to an income source while removing the asset from your estate for estate tax purposes. In addition, the remainder value of the charitable trust can be treated as a charitable deduction for income tax purposes.

d. Irrevocable Trust Trap

Some have advocated the use of an irrevocable trust as a method for sheltering assets from creditors. This technique is a minefield. If you retain any benefits from the trust that you create, creditors may have the ability to either undo the trust or at least seize your benefits. The creation of such a trust might even be considered a fraudulent conveyance if you transfer significant assets to it at a time when you know or reasonably should know that you could be subject to significant litigation.

VII. THE DREADED NURSING HOME

No estate planning discussion would be complete without at least some comment regarding long-term care. Uninsured care expenses can substantially deplete the state fairly quickly. Often times, families will look to Medicaid to assist with the long-term care costs.

What is "Medicaid" and how is it different from "Medicare?" Medicare is a medical insurance program that we all pay for, at least in part, during our working years. It will cover most, but not necessarily all, of your medical expenses. Medicaid is, essentially, medical welfare.

Medicare provides a very limited benefit for long-term care. Medicare will pay up to several months worth of rehabilitative care in a nursing home. There are some rather strict rules to qualify for that benefit. That benefit ceases when long-term care converts from rehabilitation to indefinite maintenance. The individual becomes responsible for paying for the ongoing long-term care until the individual has exhausted his or her assets. Once that occurs, Medicaid may be applied for to cover the ongoing nursing home expenses.

In a marital situation, Medicare will not require the "at home spouse" to dispose of the family home. In addition, the "at home spouse" may retain a significant amount of financial assets, up to the lesser of ½ of your combined assets or $123,000 approximately. The remaining assets must be used to provide for the care of the spouse in the nursing home until those excess assets are exhausted. Once those assets are exhausted, the individual qualifies for Medicaid.

a. The Do's and Don'ts

Medicaid Qualifying Rules are very complex. You should consult with an Elder Law

attorney long before you begin the application process. There are things you can do to protect your assets and other things that will disqualify you for Medicaid.

When considering Medicaid, the most important rule to consider is the five-year rule. That rule essentially specifies that any gifts to third parties made within five years of your application for Medicaid may disqualify you for benefits for a period of time after the application date.

The five-year rule also applies to transfers to trusts, especially if those trusts are irrevocable. Medicaid ignores Revocable Trusts because all of the assets belonging to the trust are considered available for your care. If you transfer property to an Irrevocable trust, you must wait at least five years before applying for benefits. In addition, you can have no control or rights to the assets of the trust.

b. Special Rules for Spouses

Although Medicaid will not force you to sell the home, it will assert a lien against any property you own as of the date of your death. However, there is no penalty for gifts to your spouse. You can transfer your interest in the family home to your spouse before you apply for your own Medicaid benefits. Your spouse would then execute a will that essentially disinherits you from any assets belonging to her. That sounds really cold, but it prevents the state from asserting a lien on the property should she die before you. She can also, by will, create a special needs type of trust for your benefit. This must be carefully drawn, however.

VII. FINAL THOUGHTS

I end where I began. Estate planning is a process and it applies to anyone. It may be as simple as a Power of Attorney or as complex as a combination of trusts and other entities. It is more than a set of documents that gather dust in a corner. Life is not static and your estate plan must change with your changing needs.

There are professionals who are trained to assist you in the process. Those professionals may be attorneys, accountants, insurance professionals, or financial and estate planning professionals. Each of these professionals will look at different aspects of your plan to bring it in harmony with your ultimate goals.

I'm occasionally asked if an attorney or other professional is needed for an estate plan to move forward. In response, I use the parable of the typewriter. When I was a young attorney I had an IBM electric typewriter in the office. At the time this was the standard word processing tool. One day it broke. I looked at it and noticed that there were a number of wires that had come loose. I promptly got my screwdriver out and began working on it. My secretary, after watching me battle with this machine for almost an hour, wisely called the repairman. When he arrived, he looked at my handiwork and said something that is most appropriate for our current discussion as well: "I promise not to practice law. If you promise not to repair typewriters."

I encourage you to establish a team of professionals who can help you establish and maintain your financial plan. With the proper plan you will be able to enjoy the fruits of your labor during your lifetime and pass down a legacy to the next generation.

ABOUT THE AUTHOR

David Carl Hill is an Attorney practicing Bankruptcy and Estate Planning Law in Kitsap County, Washington. He graduated from Brigham Young University, J. Reuben Clark School J.D in 1979. He was admitted to the Washington State and Federal Bar for the Western District of Washington in 1979. He has over 30 years of legal experience.

ESTATE PLANNING INFORMATION

_____ WILL _____ CPA _____ HCD _____ POA _____TRUST

LAST NAME: _____ DATE: _____ _____ 20____
Month Day Year

ADDRESS: _____ HOME PHONE: _____

CITY/ST/ZIP: _____ WORK PHONE: _____

	CLIENT	SPOUSE
FIRST NAME:		
MIDDLE NAME:		
BIRTH DATE:		
SOCIAL SECURITY #		

DATE OF MARRIAGE: _____

PRIOR MARRIAGE? If Yes, how & when terminated. _____ _____

CHILDREN'S NAMES	BIRTH DATES	INHERITANCE %
1.		
2.		
3.		
4.		
5.		

Possibility of more children? Y N

If a child of yours dies prior to your death(s), and leaves surviving issue, the share of the deceased child should be distributed to:

_____ The Issue of the Deceased Child
_____ The Survivors of your Children only
_____ Other _____

BENEFICIARIES OTHER THAN CHILDREN:

1. _____ INHERITANCE % _____

2. _____ INHERITANCE % _____

3._____ INHERITANCE % _____

IF ALL NAMED BENEFICIARIES SHOULD PREDECEASE YOU, THE ESTATE SHALL BE DISTRIBUTED TO:

____ HEIRS AT LAW (parents, brothers & sisters, nieces & nephews)

_____ CHARITY (SPECIFY)_____

_____ OTHER (SPECIFY) _____

NOTES CONCERNING BENEFICIARIES:

_____

_____

_____

_____

AGE OF DISTRIBUTION: _____

DO YOU WANT TO BE THE INITIAL TRUSTEE(S) OF THE TRUST? Y N

PERSONAL REPRESENTATIVE/SUCCESSOR TRUSTEE:

SURVIVING SPOUSE?:_____ Yes/No

1. _____ CITY/COUNTY/STATE: _____

2. _____ CITY/COUNTY/STATE: _____

CO-PERSONAL REPRESENTATIVES/SUCCESSOR TRUSTEES ?: Yes/No

GUARDIAN OF MINOR CHILDREN:

1. _____ CITY/COUNTY/STATE: _____

2. _____ CITY/COUNTY/STATE: _____

POWER OF ATTORNEY/POWER OF ATTORNEY FOR HEALTH CARE DIRECTIVE

SPOUSE? _____ Yes/No

1. _____ CITY/COUNTY/STATE: _____

2. _____ CITY/COUNTY/STATE: _____

SPECIFIC BEQUESTS:

_____

_____

_____

_____

ASSET CHECKLIST

CASH ACCOUNTS (Checking (CA), Money Market (MM), Savings (SA), Certificates of Deposit (CD)

**Ownership can be husband (H), wife (W), joint tenancy (JT) tenancy in common (TC) or community property (CP)

Name of Institution	Type	Account#	Ownership**	Approximate value
1.				
2.				
3.				
4.				

STOCKS AND MUTUAL FUNDS

Company/Fund Name	Ownership**	No. of Shares	Market Value
1.			
2.			
3			
4.			

BONDS AND TREASURY NOTES

Description	Ownership**	No. of Shares	Market Value
1.			
2.			
3.			
4.			

BROKERAGE ACCOUNTS

Company Name	Ownership**	No. of Shares	Market Value
1.			
2.			
3.			
4.			

NOTES/CONTRACTS RECEIVABLE (Secured and Unsecured Mortgages)
(Please attach a copy of notes and/or deeds)

Name of Debtor	Date of Note	Date Note Due	Owed To	Current Balance
1.				
2.				

REAL ESTATE

General Description	Ownership**	Mortgage Amt.	Market Value
1.			
2.			
3.			
4.			

LIFE INSURANCE POLICIES AND ANNUITIES

*** Type can be Term (T), Whole Life (W), Universal (U), Group (G), Annuity (A).

Cash Value	Policy Number	Company/ Owner	Type	Face Value
1.				$
2.				$
3.				$
4.				$

RETIREMENT PLANS

****Type can be Pension, Profit Sharing, Keogh, 401K, SEP, TSA, ESOP or IRA

Company	Beneficiary	Percent	Type	Vested Value
1.				
2.				
3.				
4.				