

## **The Stars are Aligned for Your Estate**

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2009 has been a tough year for most individuals and businesses but there is a silver lining in this economic storm cloud that is hanging over our heads. These tough times make it a great time to trim your estates. Stock and bonds are down, business valuations are at all time lows, real estate and most other assets have tumbled in value, retirement plans and 529 plans are substantially reduced, and interest rates are at record lows. The estate tax exemption has had the greatest increase in its history in 2009 to \$3.5 million. This presents incredible estate planning opportunities that should be presented to clients to allow them to take advantage of these economic times.

For 2009, the estate tax exclusion amount is at a historic high of \$3.5 million, up from \$2 million in 2008, with a flat tax of 45% on the excess. As part of the tax reductions passed in 2001, however, the estate tax has been slated for a single year of full repeal in 2010. Further, the 2001 law was scheduled to expire in 2011 and return the estate tax with a top marginal rate of 55% and an applicable exclusion amount of only \$1 million.

All of the stars are aligned for estate tax planning. We may very well have our highest exemption that we will see in the near future, along with the lowest valuations that we have seen in many years. Now is the time to plan your estate, but time is running out!

Why should you review your estate? Estate planning documents are intended to last many years. In order to accomplish this, drafters often try to make them flexible enough to accommodate unexpected circumstances. Formula clauses are used to contract and expand with the economic times. But sometimes the provisions become outdated either because of a change in law, a change in the family structure or a change in personal circumstances. Sometimes new techniques and strategies are created that weren't available when the plan was first executed.

The estate planning process is not an enjoyable process because it is a fairly sobering experience but the bottom line remains that if you don't revisit your planning annually it will be unlikely to accomplish your goals. Here are a few other incentives for annual meetings:

- Coordination of all advisers can help protect clients from Madoff and other similar situations.
- Regular reviews assures corporate minutes, trust Crummey powers and other formalities are dealt with.
- It is much less costly from both a fee and result perspective to keep planning current than to wait for years until problems become more costly and perhaps difficult, to untangle.

Communication among advisors is very important but often absent. Accountants and financial advisors often have ongoing dealings with the clients long after the estate plan has been drafted by the attorney. It's a team effort to keep the lines of communication open to make sure that the plan gets updated and stays on course. This serves everyone involved. Often it is discovered only after a death has occurred that a property was not transferred into a trust or there is a problem with title that could have been easily corrected if discovered prior to death. Who is on your team?

As always, we recommend a review of your estate plan whenever there is a significant change in your family situation, your financial circumstance or the tax law. We also continue to recommend the periodic review of all of your estate planning documents, including your living wills, health care proxies, powers of attorney, and beneficiary designations for life insurance policies and retirement plans. Periodic reviews of life insurance coverage are also recommended in appropriate circumstances to assess whether existing coverage is adequate.