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FINANCIAL LIFE MANAGEMENT™

VACATION PROPERTY CHECKLIST

- [ ] CREATE a succession plan to prevent vacation property from becoming a catalyst for conflict.

- [ ] COMMIT to developing the necessary legal and financial strategies to achieve a peaceful and effective disposition of the real estate.

- [ ] TALK to your heirs about their views and their perceived value of the property.

- [ ] DETERMINE whether any heirs prefer cash to an ownership interest.

- [ ] GAUGE whether the heirs who want to retain the house have the fortitude and resources to pay the tax, maintenance, and capital improvement expenses required. If they do not have the means, you may consider providing an endowment fund or leaving assets specifically for the upkeep of the property by purchasing a life insurance policy to do so.

- [ ] DEVELOP a succession plan that addresses use and scheduling policies, establishes care and maintenance guidelines, and provides a mechanism for heirs who aren't interested in the property.

- [ ] RESIST the temptation to leave the home in equal shares to your children. Real estate law governs vacation homes and has minimal flexibility to address challenges faced by multiple property owners.

- [ ] CONSULT with an expert to determine whether an Irrevocable Trust or Limited Liability Company (LLC) might be the best vehicle to help you achieve your vacation home succession plan, while also protecting the property against your children's potential marital disputes and creditors.

- [ ] USE flexible language in the governing documents so that the plan can evolve as the family grows.

- [ ] DETERMINE who has authority to make decisions about the property as families grow exponentially over time.

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CHECKLIST

ESTATE PLANNING: SPECIAL NEEDS TRUST

- [ ] ACKNOWLEDGE that a loved one with a physical or mental disability, or a chronic or acquired illness, presents unique planning needs.
- [ ] COMMIT to developing the legal and financial strategies necessary to ensure your loved one receives the care you desire, and can afford, to provide. The loved one does not have to be one of your own children. It could be a grandchild. Most states even recognize the right of a sibling, friend, or caregiver to establish a trust.
- [ ] DETERMINE if your loved one relies upon governmental assistance for things like food, clothing, and shelter.
- [ ] RESEARCH the eligibility requirements for all governmental benefits received.
- [ ] UNDERSTAND that financial bequests, through wills, gifting, or life insurance beneficiary designations, can push an individual over the asset cap and compromise their ability to receive government aid.
- [ ] KNOW that Special Needs Trusts cannot fund basic care items such as food and clothing, or other day-to-day living or "maintenance" expenses. The funds can, however, be used for supplemental support to improve an individual's quality of life.
- [ ] DECIDE the type of support you want to provide. For example, the funds could pay for camps, provide vacation experiences, buy sports equipment, or cover therapeutic expenses.
- [ ] CONSULT with a financial adviser and an attorney with special needs planning experience to ensure that the trust agreement contains the requisite highly specific language.
- [ ] ASSIGN oversight over the funds by naming a trustee.
- [ ] RECOGNIZE what you are asking the trustee to do. The trustee will be responsible for managing trust assets and making distributions according to your wishes. The trustee also must comply with the rules, regulations, and procedures essential to administering the trust, accounting for the assets, and fulfilling the state and federal tax filing and reporting requirements.
- [ ] KNOW your options. You could have a family member, friend, or business associate serve as trustee. Alternatively, you could designate a professional trustee, like a bank, trust company, financial adviser, or other objective professional to serve as trustee. You may also be able to name co-trustees.

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BENEFICIARY CHECKLIST

- [ ] MAKE SURE to carefully deliberate before selecting a beneficiary but resist the impulse to put off making a decision until some future time. Without due consideration, a loved one could become disinherited, a disabled child may lose government benefits, and heirs may wind up paying more taxes than intended.

- [ ] COORDINATE your beneficiary designations with your overall estate plan because your beneficiary designations could override your Will.

- [ ] KNOW the types of accounts that typically offer beneficiary designations, like savings bonds, bank accounts, certificates of deposits, securities, life insurance accounts, and retirement plans.

- [ ] CONSIDER the age and capabilities of your beneficiary. If the person is a minor or has special needs, you may want to establish a trust to manage the funds until the person reaches the age of majority or even later in life.

- [ ] USE percentages for variable accounts, not dollar amounts. Problems could arise if you put specific dollar amounts for co-beneficiaries in instances where the account value is less than anticipated at the time of distribution.

- [ ] AVOID naming the same beneficiary on all accounts because unintended inequities may arise when assets are distributed through the probate process.

- [ ] CHARITIES may be beneficiaries. Accounts such as IRAs and annuities that generate taxable income for the beneficiary will yield more on an after-tax basis to a charitable beneficiary than to a person.

- [ ] VERIFY the spelling of your beneficiary's name and ensure that all identifying numbers are current and accurate. Have a backup; name a contingent beneficiary. If the primary beneficiary predeceases you and there is no contingent beneficiary, the assets will go through your estate.

- [ ] TELL your beneficiary of your election and the location of pertinent documents and contact information.

- [ ] REVIEW your designation every few years and after major life events like marriage, divorce, birth or death of loved ones, and job changes.

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CHECKLIST
ESTATE PLANNING: FAMILY OWNED BUSINESSES

- [ ] KNOW that the best way to prevent a family business from becoming a catalyst for future conflict is to put a succession plan in place.
- [ ] COMMIT to implementing the legal and financial strategies necessary to keep the peace and effectively transfer the business.
- [ ] THINK about whether the company could thrive after your death or whether a lifetime sale might be most appropriate.
- [ ] CONSIDER, for estate planning purposes, that your business is just another asset class in your portfolio.
- [ ] CONVENE your heirs to uncover their views about the business. Communication is a critical component to the successful transfer of a business.
- [ ] DISCUSS the importance of family, your values, and the need to maintain business profitability throughout the transition.
- [ ] EXPLORE your heirs' goals and aspirations for the business.
- [ ] DECIDE whether any heirs prefer cash versus an ownership interest.
- [ ] GAUGE whether the heirs who want to run the business have the capacity to do so.
- [ ] CONSIDER whether a business appraisal will help in the planning process.
- [ ] RESIST the temptation to leave the business in equal shares to your children.
- [ ] DETERMINE the role other assets may play in your distribution plan for heirs not involved with the business, including insurance proceeds.
- [ ] CONSULT with experts to address estate implications for heirs and to develop the legal framework.
- [ ] CONSIDER how your involvement with the company will dissipate over time as the next generation becomes more involved.

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