CORAL GABLES GAZETTE

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Determining when to review your estate plan

By Marc Singer, CFP

You may think that once you've created your estate plan, you're finished estate planning. This, however, is not the case. To be as effective as possible at reducing taxes and ensuring that your assets go where you want them to go, your estate plan must be reviewed and updated regularly.

Because of the changes under the Taxpayer Relief Act of 1997, now is a good time to review your estate plan. Answering the following 30 questions will help you determine how important it is for you to review your estate plan today and what areas you need to focus on.

Since I Last Reviewed My Estate Plan ...

If you answer "yes" to any of the following questions, reviewing your estate plan today is critical to maximizing its effectiveness.

1. Am I five years older?
2. Have I married, divorced, separated or widowed?
3. Have I become a parent?
4. Have I become a grandparent, and, if so, am I ready to plan for my grandchildren and take advantage of generation-skipping transfer tax planning?
5. Have I received an inheritance or am I likely to receive one in the near future?
6. Do I anticipate any creditor problems (including marital claims) involving myself, my spouse or my children?
7. Do I anticipate anyone challenging or contesting my estate plan?
8. Have I moved to another state?

My Current Estate Plan

If you answer "no" to any of the following questions, consider reviewing these areas of your estate plan.

9. If I have a living trust, has title to all my assets been transferred to the trust?
10. Have I continued to take advantage of the unlimited marital deduction?
11. Does my estate plan take advantage of the increased unified credit exemption equivalent of $625,000?
12. If my spouse and I have more than $1.25 million, do we each have assets in our separate names of at least $625,000?
13. Have I been taking full advantage of the $10,000 annual gift tax exclusion?
14. Do I have a healthcare power of attorney or a living will that reflects my wishes concerning the use of life support treatment?
15. Have I executed a durable power of attorney for property or other plan to be used in the event I am incapacitated?

Life Insurance

If you answer "no" to any of the following questions, you may want to revisit the role of life insurance in your estate plan.

16. Do I know how much my estate will be worth after estate taxes?
17. Do I have sufficient equity in my assets to provide for estate taxes and my family's support after my death?
18. Do I have sufficient liquidity in my estate to provide for payment of estate taxes?
19. Have I considered buying any life insurance?
20. Have I confirmed that my beneficiary designations are consistent with my will or living trust?

Qualified Benefit Plans

If you answer "no" to any of the following questions, consider taking another look ar the effect of retirement benefits on your estate plan.

21. Have I considered how substantial growth of my benefits under my profit-sharing plan, pension plan or individual retirement account (IRA) affects my estate plan?
22. Have I considered how the recent repeal of the excise tax on excess retirement plan distributions and accumulations affects my estate plan?
23. Have I confirmed that my beneficiary designations are consistent with my will or living trust?
24. Do I know the income and estate tax effect on benefits after my death?
25. Have I considered other types of plans, such as the new Roth IRA, that may better suit my goals?

Business Ownership

If you answer "no" to any of the following questions, consider examining the relationship between your business and your estate plan.

26. Have I considered the effect of adding any partners or shareholders to my business?
27. Have I thought about the value of my business and whether my estate will qualify for any additional exclusion as a result of the new family-owned business interest exclusion?
28. Have I considered the effect of changing the structure of my business (e.g., from partnership to limited liability company or S corporation) on my estate plan?
29. Have I reviewed my plan for continued management of the company after my death?
30. Will my business have enough liquidity to pay estate taxes and to support my family?

Now Is the Time To Do Things Better

A review of your estate plan need not involve a lot of time and money. If all is in order, you can have the peace of mind of having this confirmed. If there is a problem, a way to do things better or a way to save your family taxes, now is the time to learn about it. Please call us to discuss your current plan and identify ways to keep it up-to-date.

For more information write to Marc Singer, CFP Principal, Singer Xenos Investment Management, 800 Douglas Road, Suite 148, Coral Gables, FL 33134 or call 305-443-0060.