

PLANNING AHEAD

INFORMATION WORTH CONSIDERING

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PROTECT
YOUR FAMILY

2

PRESERVE
YOUR WEALTH

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PLAN FOR
YOUR FUTURE

LIVES CHANGE, YOUR ESTATE PLAN SHOULD TOO

Every time you have a major change in your life, you should revisit the plans you have put into place.

Bethany Miles developed a new application for cell phones and tablets. She launched her business, worked hard to grow it and then sold it for \$2 million. Bethany planned ahead for her children by executing a will that left her children equal shares. She also included specific bequests of \$10,000 to 20 other people. Then Bethany lived through the Great Recession and neglected to revisit her estate plan. She died unexpectedly when her estate was worth only \$250,000.

Bethany's children only inherited \$25,000 (each) because the special bequests had to be paid first.

Based on the way Bethany designed her estate plan when her estate was worth \$2 million, it is fair to assume that she never intended to give her friends more of her wealth than her kids. If Bethany had reviewed her estate plan on a regular basis, she could have prevented this disappointment.



Changes in your life that should prompt you to review your estate planning documents:

- Marriage
- Birth or Adoption of a child
- Divorce
- Traveling Abroad
- New Business Deals
- Death of a loved one
- Bankruptcy
- Inheritance
- Tragedy

HOMEMADE WILLS, RECIPES FOR DISASTER.

Using a do-it-yourself will is the equivalent of pulling out your own tooth with a pair of pliers instead of going to the dentist.

If you have made your own will, it could be plagued with problems. If you downloaded the will from the internet, is it in accordance with your State’s laws? Have you and your witnesses signed it on the same day? Does it have contingencies?

For example, if you leave all of your property to your sister, what happens if your sister dies before you? Or, if you leave money to your child but you do not like her spouse - what do you want to happen to her inheritance if they are in the process of getting a divorce when you die?

Lawyers get a bad rap for being deal-killers because we habitually look for what can go wrong. However, the best Estate Planning lawyers will prompt you to think about con-

tingencies. We do not enjoy being morbid, but we would be doing you a great disservice if we did not help you plan for different outcomes.

Here is a cautionary tale: Bill was estranged from one of his children and wanted to disinherit him. Bill bought DIY will software from a big-box store and, following the prompts, listed his assets, but omitted some important ones: small numbers of shares of various phone company stocks that he had bought many years earlier. Those shares, which probably once seemed like small change, had grown in value because of mergers and stock splits and were worth more than \$1.5 million, comprising most of Bill’s estate, by the time he died.

Unfortunately, the DIY will did not include what’s called a residuary clause—indicating how to distribute what is left after estate expenses, creditors and taxes have been paid and gifts of specific items or sums of money have been satisfied. So guess what happened? The stocks passed according to the law of intestacy, and the son, who the father wanted to disinherit, walked away with almost \$400,000. To make matters worse, he had a substance abuse problem and blew through the money in less than a year.

THE BASICS: FOR EVERYONE

The biggest myth in estate planning is that you have to be wealthy for it to matter. This is flawed in every possible way.

Last Will & Testament	A written document with instructions for the distribution of your assets after you die. It should be properly witnessed and stored for safekeeping.
Living Trust	If you have children, this is a must-have document so that you can dictate who will care for your children upon your death and you can put parameters in place to manage the money you leave to them. This is also a must-have document if you want your estate plan to remain private.
Durable Power of Attorney	This is a very powerful document that gives your designated person the authority to transact financial affairs on your behalf.
Health Care Surrogate Designation	This document provides instructions specifying what actions should be taken for your health in the event you are unable to make those decisions due to illness or incapacity.
HIPPA Authorizations	These give your doctors permission to discuss your medical situation with others (parents, siblings, and close friends.)
Living Will	This records your wishes regarding various types of medial treatments, such as resuscitation, life support, artificial feedings and organ donation.

DIGITAL LEGACY

Family members and executors can face numerous practical, legal and moral problems in obtaining access to and handling another's digital assets.

Access

Many of us have several online accounts with different types of services.

- Bank Accounts
- Social Media Accounts
 - Facebook
 - Snapchat
 - Instagram
 - Pinterest
 - Twitter
- Email Accounts
- Photo Storage Accounts

Access to each account is by password and users are advised, for security reasons, to have different passwords for each account. In an emergency, no one may know what accounts you subscribe to, how to access information for each account, or how to deal with the content within each account unless you have recorded details of this information. Even if you have written your passwords in a binder, that binder will be of no

use if you don't provide instructions on where to find the binder.

Google

Google has now created an "inactive account manager" feature, providing users a way to share parts of their account data.

Facebook

Facebook tightly governs (think "court order") when it allows a family member access to a decedent's account. Facebook does allow an account to be "memorialized" at the request of a "verified immediate family member."

MySpace

MySpace will delete a profile upon request by a family member or executor, who must provide the user's identification number (not the user name or profile link). The company will not provide access or allow edits to content or settings.

Twitter

Twitter will deactivate an account and stop "Who to Follow" upon verified request from an immediate family member or executor.

Airline Miles

American Airlines miles can be transferred out of a deceased member's account to a beneficiary's AAdvantage account. Delta, on the other hand, changed their policy in 2013 and no longer allow rewards points to be transferred after death. Likewise, Southwest's Rapid Rewards points cannot be transferred once a member dies. United Airways' Dividend Miles can be transferred to a survivor's account free of charge as long as the request is made within a year of the member's death and the account was active when that person died.

Advice: Leave instructions in your will as to what accounts you use along with the passwords to each one.



PROTECTING CHILDREN

Without a guardianship, your child could be the ward of the State until the court can establish what is in your child's best interest.

What is a legal guardian and why do I need one for my child?

What & Why

A legal guardian is an adult designated to care for a child in case both parents die before that child reaches adulthood. Unless you specifically name a guardian in your will, anyone can step forward and ask for the job, and a judge will decide who gets custody.

Flexibility

Guardianship can be flexible over time. For example, if you really want your parents to be your child's guardian right now but fear they will grow too old to handle the job, you can specify that they be

designated guardians for a set period of time (i.e., until your child is 12), after which responsibility passes to a sibling or a friend.

Guardian of the Person & Guardian of the Property

You can identify a person to be the guardian of your child and a different person to be the guardian of the money you leave for your child. This type of division is suitable if the person you have chosen to take care of the emotional and physical needs of your child is not particularly good with money.