

MARCH 2015 NEWSLETTER

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FAMILY MEETING IS KEY ESTATE PLANNING TOOL

FIRM ANNOUNCEMENTS:

A. MARTIN DALE-HUBBELL CLIENT DISTINCTION HONOR

Mr. Pozzuolo has been selected recently for a Martindale-Hubbell Client Distinction Honor. Out of more than 900,000 attorneys across the country, less than 1% received this prestigious designation. This award is made possible by Mr. Pozzuolo's clients who have taken the time to provide feedback to recognize Mr. Pozzuolo for his excellence skills, competence and expertise in the areas of communication ability, responsiveness, quality of service and overall value.

B. 2014 TOP ATTORNEYS

Pozzuolo Rodden, PC is pleased to announce that both Philadelphia Life Magazine and Suburban Life Magazine included Joseph R. Pozzuolo and Judith P. Rodden on their 2014

Top Attorneys list. This list is based on readers who cast votes to help these magazines compile a definitive list of the 275 keenest legal minds in the Philadelphia area.

C. **DIGITAL ASSETS; ESTATE PLANNING FOR THE TWENTY-FIRST CENTURY**

Pozzuolo Rodden, P.C. is pleased to announce that Joseph R. Pozzuolo and Kelly A. Barse, Esquire have written an Estate Planning article titled: "Digital Assets: Estate Planning for the Twenty-First Century" was published in the January 2015 publication of Practical Tax Strategies Journal of Thomson Reuters. A copy of this article can be obtained by clicking here: [Digital Assets Estate Planning For The Twenty-First Century.pdf](#) or emailing Christine Wainwright @ chrissy@pozzuolo.com

D. **UPCOMING SEMINARS**

1. Joseph R. Pozzuolo, Esquire and Jeffrey S. Pozzuolo, Esquire will be presenting two CPE/CLE webinar seminars for Lawline on Friday, March 20, 2015. The topics will be:

11 am: Closely Held Business Law Symposium for the General Practitioner and CPA

1:30 pm: The Nuts, Bolts, and Ethics of a Multi-Discipline Estate Practice for the General Practitioner and CPA

Please contact Shaun Salmon, Esquire at: shaun.salmon@furthered.com or register on line at www.lawline.com

2. Joseph R. Pozzuolo, Esquire will be presenting a CPE/CLE webinar seminar for Clear Law Institute on Thursday, March 26, 2015 at 1:00 pm.

The topic will be: The Negotiation and Documentation of Commercial Loan Documents Including The Use of Convertible Loans With Put and Call Options

Please contact Michael Tobin at: mtobin@clearlawinstitute.com or register on line at www.clearlawinstitute.com

3. Joseph R. Pozzuolo, Esquire will be presenting a CPE/CLE webinar seminar for Lawline on Friday, April 24, 2015 at 12:00 pm.

The topic will be: The Fundamentals of Estate Planning for the Traditional Middle Class Family.

Please contact Shaun Salmon, Esquire at: shaun.salmon@furthered.com or register on line at www.lawline.com

4. Joseph R. Pozzuolo, Esquire and Jeffrey S. Pozzuolo, Esquire will be presenting

a CPE/CLE for Penn State Abington on Saturday, May 9, 2015 from 8:00 am to 12:00 pm.

The topic will be: **The Fundamentals of Representing a Privately Held Business Including Obtaining Commercial Financing for the Suburban General Practitioners, Attorneys and CPAs, Including Ethics.**

Please contact Theresa Bloom at: tmb17@psu.edu

Although all of these seminars are continuing education seminars courses for lawyers, accountants and life underwriters, the general public is invited to attend or view.

QUESTION OF THE MONTH:

**IS AN UMBRELLA LIABILITY INSURANCE POLICY A MANDATORY
ESTATE PLANNING TOOL?**

Answer-See Page 7 of this Newsletter

A FAMILY MEETING IS A KEY ESTATE PLANNING TOOL

While some may want to leave their net worth or the contents of their will or trust secretive until after their death in fear of causing family anxiety, quarrels or merely out of privacy, it may be a good idea to have a family meeting about your estate plan so your family:

- 1) understands the goals of your estate plan;
- 2) knows what to expect after your incapacity or death so they act accordingly during your life and after your death; and,
- 3) avoids interfamily fights and litigation from misunderstandings after your incapacity or death that could delay the administration and squander a large portion of your estate.

Discuss Your Overall Goals:

It is important to let your family understand your overall goals. This is even more warranted if

your plan is not to give everything to your family or anything to a certain family member. You may have a plan of providing above and beyond for your family or you may want to limit their inheritance to a multiple of their highest W-2 to motivate hard working children or you may desire to simply provide a fund for your children for the key essentials of life such as education and health care costs or certain other family emergencies or you may even want to give all or a part of your assets to a charity to help a cause you have always believed in versus to your children. It is important that your children understand your goals, intentions and objectives so they do not feel cheated and feel a sense of closure with your desired goals.

Further, children may have their own input. For instance, if one child receives more than another child or one child is named executor, there may be resentment. It is good to let your children know why decisions were made or you can adjust your estate plan accordingly after hearing their opinion. For instance, two children could be financially well off while the third child is a high school teacher, volunteers for a humanitarian organization, is a police officer or a firefighter, or a member of the military. Extra funds to this third child may help reward him/her for his/her choice in career that is not as financially rewarding, but important for society and you can clarify this among your children. Also, if a certain child has a substantial estate himself/herself, he/she may tell you to give his/her share to his/her siblings, directly to his/her children, or to a charity. Discussing your goals allow your children understand the decisions you made and allows you, if warranted, to possibly rework your estate plan so your plan is divided the best possible way.

Knowing What to Expect:

In addition, a family meeting helps your children know what to expect after your death and how to act accordingly. For instance, if your child expects a large inheritance, but you will only give him/her enough for key life necessities because you believe it is important that they support himself/herself, a family meeting provides your children with knowledge so they do not spend frivolously relying on a large

inheritance and end up without a retirement cushion.

Let your children know you will pay for your grandchildren's education if you believe it is important that they go to the best schools or receive a private school education. This will enable your children not to worry about how to pay for the multiple six figure education expenses for two or three of your grandchildren. If you value family time, let your children know it is your opinion that it is important it is to spend time on family vacations, sporting events together, family dinners/barbeques, or to purchase a summer home to focus on family time together, and their retirement will be covered at your death.

Also, it is important to let them know what to expect in terms of how any inheritance should be used. For instance if you make it clear you are providing assets to a child for financial security for retirement, for a new home, for a new vacation home, to pay off debt, for grandchildren's college education expenses,... then they are more likely to use such funds for the intended purpose and not squander it all on a two year shopping or worldwide vacation spree. Dollar numbers are not necessary, but a general idea of what you expect from them with the inheritance helps.

Easing into Estate Administration:

The same way a life guard trains to know what to do when someone is drowning at the beach, let your children know what to do at your death or incapacity. Let them know who will represent you as your executor, trustee, and health care surrogate. Let them know where your original estate planning documents are located and that they are in a safe location (where a jealous child will not destroy or thwart your plan. For example, in a safe at your home is **not** a good choice, but in a safety deposit box, attorney's office or with a neutral third party that can be trusted with such documents). Let them know where your financial documents that they will have to gather at your death are located so they do not go on a wild goose chase searching every bank for your 5 bank accounts, 20 bearer bonds and 3 safety deposit boxes. Let them know the professionals (attorney, accountant, and investment advisor) you

intend to handle probate, your estate/trust administration, tax returns, and other estate administration tasks. You may even let them know where to hold your funeral and finally put you to rest so you do not have fights among children over these issues. This helps smooth the process. Your children will know what you expect and can administer your estate without any hiccups in an already trying and emotional time.

Avoid Fights After Your Death:

Last, by discussing your estate plan with your family it may avoid fights and misunderstandings after your death when you are not able to speak for yourself. By being clear with your family upfront, it allows them to ask the questions they cannot ask after your death and know what to expect. It removes some of the thoughts that certain children were cheated, dealt with unfairly, or dealt with in a manner not intended by you. Also, it removes some of the thought that certain children exerted under influence or duress over you. It allows you to go back and clear up any potential ambiguities and misunderstandings your children may have or what assets and mementos are important to them. For instance, you may find out who should receive your wife's engagement ring, who should receive your '57 Chevy, who should receive your extensive record or sports memorabilia collection, or who should receive the fancy china you have used every Thanksgiving during their entire lifetime and that has been passed down for three generations. Quarrels over who should receive mom's engagement ring or how long a child living at your home as of your death should stay in your house rent free can squander a large portion of your estate, cause delays, unnecessary litigation expenses and lifelong quarrels. By clearing up your expectations, questions, and going back to rework details of your will and estate plan, allows you to add clarity to your estate plan and ensure everyone feels they received their fair share or at least what you desired to give them.

An experienced estate planning attorney should be consulted for all questions or concerns about finalizing your estate plan to ensure that it fits your needs.

QUESTION OF THE MONTH:

IS AN UMBRELLA LIABILITY INSURANCE POLICY A MANDATORY ESTATE PLANNING TOOL?

An unexpected catastrophic lawsuit against you or one of your family members has the potential to be financially devastating if the other party is awarded a judgment that exceeds your liability insurance coverage. For instance, in the case of automobile insurance, often times the normal coverage is \$250,000 per person injured but only \$500,000 overall. If the injured party in such a case learns that you have other significant assets, he may not be willing to settle for the policy limits and may be able to obtain a judgment for millions of dollars if they have suffered serious or catastrophic injuries. If this happened, you or your estate would be forced to pay the excess amount of the judgment from your personal assets. If the judgment is for several million dollars you may not even have enough left to retire comfortably, let alone having enough for estate planning to provide for your loved ones' well being after your demise.

An umbrella policy can protect against unexpected large settlements or judgments against you in a host of situations that could threaten your net worth, future income and comfortable lifestyle. Options for umbrella policy coverage include automobile insurance, watercraft insurance, property damage, international coverage for instances abroad when home and auto policies do not provide coverage, uninsured/underinsured liability coverage, employment practices liability protection, director's and officer's coverage, defense counsel, retention of shadow private defense counsel to monitor the insurance company's defense counsel, or public relations firm costs to protect your reputation.

Typically, the minimum amount of coverage should at least equal to your current net worth. It is especially important that your umbrella policy kick in exactly where your auto or homeowner's policy

ends or you will be forced to pay the difference from your own personal assets. The price for this additional insurance is relatively small compared to the significant estate/retirement planning protection it offers. The typical yearly cost from some insurers could be as low as \$383.00 for \$1 million in coverage for a client with one house, two cars and two drivers.

An experienced business or estate planning attorney should be consulted for all questions or concerns about how an umbrella liability insurance policy can be used as an estate protection tool.

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- If there are any legal questions you would like this office to answer in the future, please email the question to us at info@pozzuolo.com. Each month, the question with the most relevance to our privately held business clients, advisors, and friends will be answered in our monthly newsletter. The questions can relate to any of the areas practiced by this office including business planning and transactions, corporate law, commercial litigation, employment law and litigation, commercial real estate and development, construction law and litigation, estate planning, estate administration, tax and pension law, family law litigation.
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PUBLICATIONS

All of the following professional publications and past newsletters written by attorneys of this office are available by clicking here: [http://pozzuolo.com/Pubs Articles.shtml](http://pozzuolo.com/Pubs%20Articles.shtml)

Corporate/Tax Articles

- Bankruptcy - How To Prevent It And How To Cope With It Should It Happen To Your Business
- Deferred Compensation Rewards And Retains Key Employees
- Design Buy-Sell Agreements For Maximum Utility
- How An S Corporation Avoids The Double Taxation Incurred When Excessive Compensation Is Treated As A Dividend
- How Mortgage Lenders Should Draft Broker Agreements To Avoid RESPA Violations
- How To Look, Act And Sound Like A Professional Corporation
- How to Structure a Suitable Buy-Sell Agreement
- How To Use Non-Qualified Deferred Compensation Arrangements As A Business, Retirement And Tax Planning Tool
- Money Purchase Pension Plan Falls Out Of Favor
- Protecting A Client's Business From Unfair Competition Using Restrictive Covenants
- Structuring Loans From Qualified Plans - How To Handle The Strict Tax Rules
- What Type of Qualified Corporate Retirement Plan Best Serves Your Business, Tax And Retirement Needs

- Why An Employment Contract Is Mandatory

Estate Planning Articles

- Adapt Estate Planning Strategies to Fit the Needs of Same-Sex Couples
- College Funding Tool Offers Estate Planning Advantage
- Diversify Strategies For An Effective Estate Plan
- Divorce and Estate Planning
- Divorce Raises The Need For Performing An Estate Planning Review
- Drafting The Durable Power Of Attorney For Wealth Protection Purposes
- Estate Planning For Pet Owners
- Remarriage Situations Can Raise Special Estate Planning Considerations
- Six Proven Estate Planning Techniques
- Special Needs Trust - An Estate Planning Tool For The Disabled
- The Limited Liability Company -A Sophisticated Tool For Estate Planning
- Using Trusts To Maximize Family Protection And Minimize Estate Tax
- Why Living Wills- Advance Directives Are An Essential Part Of Estate Planning

Actual resolution of legal issues depends upon many factors, including variations of facts and state laws. This newsletter is not intended to provide legal advice on specific subjects. It is to provide insight into legal developments and issues. You should always consult with legal counsel before taking any action on matters covered in our updates.

This newsletter is courtesy of Pozzuolo Rodden, P.C.

To subscribe, unsubscribe, or for any questions, please contact us at INFO@POZZUOLO.COM.