

APRIL 2021 NEWSLETTER

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NINE ESTATE PLANNING QUESTIONS TO DISCUSS IN AN ESTATE PLANNING INTERVIEW

FIRM ANNOUNCEMENTS

1. AWARDS:

Pozzuolo Rodden, PC is pleased to announce that Joseph R. Pozzuolo, Esquire was nominated by the American Registry as a top 1% 2020 Five-Star Attorney based on a collection of ratings and awards from trusted professional organizations, peers and media.

Pozzuolo Redden, PC is pleased to announce that the 2021 Martindale Hubbell Peer Review Rating, the gold standard in attorney rating, recognized Joseph R. Pozzuolo, Esquire for his excellence in ability and ethical standard. Martindale Hubbell, which has been in existence since 1868, is the leading global network to connect lawyers and the buyers of legal services.

2. PAST WEBINARS:

Jeffrey S. Pozzuolo, Esquire presented the following continuing legal and accounting education (CLE/CPE) webinar seminar for Clear Law Institute on Wednesday, December 23rd @ 1pm:

The Filing Process For IRS Estate and Gift Tax Returns Forms 706 & 709

Jeffrey S. Pozzuolo, Esquire presented the following continuing legal and accounting education (CLE/CPE) webinar seminar for Clear Law Institute on November 2nd @ 1pm:

Creating/Updating Your Estate Plan After COVID; and On October 9th @ 1pm: Planning For Retirement (Post-COVID)

Please contact Christine Wainwright at Chrissy@Pozzuolo.com or Clear Law Institute at gqueen@clearlawinstitute.com if you would like the online details to attend these past online CLE/CPE seminars.

3. BLOGS:

1. The following are a few of the business, tax, employment, estate planning and business litigation blogs posted on our main website www.pozzuolo.com during the past month:

- a. 2021 Estate And Gift Tax Inflation Adjustments;
- b. Biden's 2021 Estate Tax Proposal; and,
- c. Employer Cannot Terminate An At Will Employee After Demanding She Perjure Herself At Deposition .

Please visit our website www.pozzuolo.com for more information on these and other relevant business, tax, estate, business litigation and employment topics.

2. The following are a few of the family law blogs posted on our family law website www.pozzuolofamilylaw.com during the past month:

- a. Grandparents Awarded Primary Custody of Grandchildren Over Father;
- b. Mother's Child Relocation Request Granted Based On Quality Of Life and Emotional Benefit; and,
- c. Father Granted Primary Physical Custody After Father Presented Evidence Of Text Messages And Other Electronic Communication Of Mother.

Please visit our website www.pozzuolofamilylaw.com for more information on these and other relevant family law topics.

NINE ESTATE PLANNING QUESTIONS TO DISCUSS IN AN ESTATE PLANNING INTERVIEW

1. What is estate planning? Why do I need to have an estate plan?

Estate planning is the process of anticipating and arranging for the management and disposal of your estate during your life, as well as at and after your death, while minimizing gift, estate, generation skipping, and income taxes. A will is part of the estate plan. Depending on the complexity of the situation, an estate planner might use other tools such as trusts, pass-through entities and/or life insurance to accomplish your estate planning goals.

Some of the most important reasons for estate planning (regardless of economic status) are to: (1) pass property to the intended beneficiaries, (2) alleviate the burdens of surviving family members, (3) protect estate assets from unintended recipients, and, (4) deciding who will raise your children.

2. When was the last time you reviewed and updated your financial goals/estate plan?

Many things happen in life which requires individuals to reevaluate, reassess and reexamine their financial goals, assets, asset allocation and estate planning documents. Estate planning documents need to be reviewed and updated every 5 years or so depending on the individual's age and circumstance. However, there are certain life events and moments which require a person's will, advanced health care directive/living will or power of attorney to be updated or even re-written.

3. How is my property transferred at death?

Property can be transferred at death in several ways including: valid will, beneficiary designations, operation of law, and state law. A will is a legal document created to express how a person desires his or her property to be distributed at death. It also names one or more persons to manage the estate through probate and its final distribution, namely, the executor or executrix. Beneficiary designations are documents to indicate who will receive the account upon the death of the account owner which include, by way of example, life insurance policies, death benefits of a retirement plan and annuities. Property passes under state law if there is no will presented for probate.

4. How are your existing assets titled?

Certain assets need to be properly titled to be certain that your assets pass to the intended beneficiary. The benefits of proper asset titling include: avoiding probate, assisting with the management of property and ensuring that family members have immediate access to funds at death.

However, you should think twice before adding a joint owner to one or more of your accounts during your lifetime. Doing so will likely create a joint account with immediate ownership and survivorship rights. Nevertheless, unintended consequences include your

account(s) being subject to: i) the creditors of the new joint owner; ii) equitable distribution in the new joint owner's divorce proceedings; and, iii) death taxes should the new joint owner predecease you. If you need help with a given account later in life, consider adding that individual as an 'agent' under a Power of Attorney instead of as a joint owner.

5. Do you have your living documents drafted?

A durable power of attorney takes effect if you can no longer handle your financial affairs because of illness, sickness, or incompetence. This document allows you to designate a trusted person who will be legally authorized to manage your financial affairs.

A medical durable power of attorney allows you to appoint someone to help you with health care, medical attention or personal care in the event you become unable to take care of yourself.

A Living Will or Advance Health Care Directive is a written statement regarding end of life medical treatment if you suffer an incurable, terminal disease or injury where medical life-sustaining measures would only prolong your death and you are unable to communicate your decision.

6. Who is the beneficiary on your retirement accounts?

Too often people forget to update beneficiary designations on asset accounts they own, which can foul up or destroy all or part of their entire estate plan. Beneficiary designations should be updated on any retirement account including savings accounts, money market accounts, investment accounts, annuities, life insurance policies, and/or any other retirement asset accounts you own. Oftentimes, due to changes in family circumstances, an unintended recipient is listed as a death time beneficiary of your retirement accounts. Making sure your beneficiary designations are up to date is important because it trumps your will or trust plan. Despite naming beneficiaries in your will or trust, the persons named as beneficiaries on the retirement account beneficiary designation forms are the ones who will receive the retirement assets, even if your will or trust says otherwise. This is why it's important to make sure your retirement account named beneficiaries are coordinated with your overall estate plan.

7. Why did you purchase life insurance? Should I establish a Trust?

Depending on your individual circumstances, you need to reexamine and reassess periodically why you originally purchased life insurance. Was it for debts, housing payments, ongoing living expenses or paying for college expenses in the event of your demise? Do your current life events and circumstances require more or less life insurance?

Additionally, it may make sense to incorporate a trust structure for ownership and/or beneficiary of your life insurance policies. A trust is a fiduciary arrangement that allows a third party, or trustee, to hold assets on behalf of a beneficiary or beneficiaries. A trust can potentially accomplish certain estate planning benefits and goals including minimize death taxes, maintain confidentially, shield the policy proceeds from creditors and protect a spendthrift child.

8. Have you properly planned for the anticipated cost of your children's education?

The cost of education has increased at a rapid rate over the years. It is important to determine the most appropriate manner to save for your child's education, as there are tax-advantaged ways to do so. A 529 plan is a tax-advantaged savings plan designed to encourage saving for future education costs. These qualified tuition plans grow tax free and are sponsored by states, state agencies or educational institutions. Education savings plans allow a person to open a tax-advantaged savings/ investment account to save for your child beneficiary's future qualified higher education expenses such as tuition, mandatory fees and room and board. Also, these qualified savings plans can also be used to pay up to \$10,000 per year per beneficiary for tuition at any public, private or religious elementary or secondary school.

9. Have you properly planned for your digital assets?

Most of our lives now are online, especially during the Covid-19 pandemic. We all communicate online, share and store pictures online, and store copies and originals of many important documents online. In simple terms, digital assets are anything stored in electronic form (but separate from the physical hardware on which that electronic data lives).

The attorney and client need to address who will have authority to access the digital assets, if the client has utilized a service provider tool and what the client wants done to the different digital assets. The attorney needs to make it clear to the client that a named fiduciary does not have ownership to the assets, only access to them. If the client wants the fiduciary to have ownership they can name the fiduciary as the beneficiary. In addition to ensuring your estate planning documents are in place, individuals should create a detailed inventory listing the client's digital assets and accounts. Individuals who have significant digital assets or complicated digital interest may need additional tech management plans in addition to inventory lists.

Conclusion

The best thing for individuals to do is make an appointment to discuss the above estate planning issues with their experienced estate planning attorney. If an individual does not have a will, power of attorney or advanced health care directive/living will, it is best to take inventory of all of your assets and make a will, power of attorney and advanced health care directive/living will. The individual needs to decide who they want to access and manage his/her assets during probate and thereafter have ownership of the assets. The attorney will be able to help with all of these documents, including explaining the law.

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

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