

Gustafson Gervasi Law Office, LLC

Winter 2016 Newsletter

Happy New Year!

This past fall I celebrated ten years of solo practice focused on estate planning and probate. Thank you to all who have been a part of this wonderful career path. I look forward to another decade (or two) of helping others navigate the waters of illness, death, and taxes.

Pop Quiz!

Let's start our new year with a simple quiz. What percentage of Americans have a will?

- A) 69%
- B) 95%
- C) 34%

The correct answer is C – only 34% of Americans have a will according to the company Everplans. However, 69% of Americans have given serious consideration to creating a plan but have not yet done so. Everplans' survey found that of those who have considered drafting a will, 97% have not completed one because they lack the financial know-how.

Do you fall into the group of Americans without a will and need help wading through the terminology? If so, visit my website to find a seminar on the basics of wills, trusts, and powers of attorney. For a complete listing, visit www.gustafsonlegal.com.

Also, if your office, place of worship, or favorite nonprofit would enjoy a similar presentation, please contact me to schedule one for 2016.

Taxes, Taxes, Taxes

With the welcome of a new year come updates to the federal tax laws. Key numbers to keep in mind:

- Federal estate tax exemption is now \$5.45 million, up slightly from 2015's amount of \$5.43. If your total estate is worth less than this number, federal estate taxes may not be a concern.
- Gift tax – the annual exclusion remains at \$14,000 for yet another year. That means any one person can give another person \$14,000 a year without having to notify the IRS and pay a tax. Exceptions exist, so please consult a CPA for advice related to your specific situation. Gift tax issues are the number one unexpected tax liability I see with clients – make sure you understand the ins and outs.
- Income taxes are owed by an estate if the estate (day after date of death onward) had \$600 or more in income for 2015. Income can be generated stock dividends, interest on CDs, etc. This is an important fact for people acting as a Personal Representative in an estate to review.

The power of 1099 Misc. Forms

Every January Americans go to their mailboxes and find various tax forms, such as the well-known W2. A less known form is the 1099 Miscellaneous. This form reports to the IRS miscellaneous income earned on an asset, such as a money market fund or CD. If you are sorting through the affairs of a loved one who passed in 2015, these forms can be a wonderful resource to identify unknown or forgotten assets. Back in 2010 the form helped my mother identify a long forgotten bank account held in my deceased father's name.

Which is Faster: Will vs. Trust

After ten years of serving clients in the estate planning capacity, this is one query that tops the list of client questions: *"I want my family taken care of as soon as possible. Which is faster; a will or trust?"*

My answer is often not expected. *"Honestly, whether you use a will or a trust, it doesn't matter. What matters is how organized you are with your final affairs, and more importantly, how organized the person is who you appoint to handle things when you die. If the person you appoint is crippled with grief, overwhelmed in his or her own personal life, or simply is an indecisive procrastinator -- then your estate will creep along at a snails pace, trust, will, whatever device you use doesn't matter -- the personality of the person in charge does."*

Personally, I think trusts are a bit oversold. Here in Wisconsin we have a low probate fee, 0.2 percent of the inventory value. Other states can be as high as 8.0, 10.0 or even 12.0 percent -- that can easily drive probate costs higher. Given this, many clients in my office opt for the probate route, using a will which facilitates rather than avoids probate. When naming a Personal Representative (also known as The Executor in Hollywood as well as the state to our south), I advise choosing someone who:

1. Is neutral and can help maintain the peace in a grieving family;
2. Is good with finances and economical concepts (i.e. reviewing medical bills, completing taxes, selling a home, etc.);
3. Has the time to sort through your bills, contact creditors about final costs, clean out your fridge, sell your car(s), drop off items at the local thrift store, complete final tax returns, and more; and

4. Is able to make a decision and execute procedures.

If you run through the list of family and friends in your life and find you have few or no choices, consider a professional. Banks, trust departments or even the family accountant may all be able to fulfill this role and help achieve your goal of efficiently getting your final assets into the hands of those loved ones you leave behind.

Get your copy today!

Middle Class Philanthropist: How Anyone Can Leave a Legacy **by Melinda Gustafson Gervasi**

While supplies last, copies of my book *Middle Class Philanthropist: How anyone can leave a legacy* are available for \$7 (includes sales tax and shipping) each. It is a small book designed to educate and inspire the average person to make an end-of-life gift to a favorite cause or nonprofit. Also, the book encourages nonprofit development staff to re-examine who they consider to be a philanthropist. One can also obtain a copy through on-line book sellers such as Amazon and Barnes & Noble.

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Those with a change in address or a wish to be removed from this mailing list, please contact me at Melinda@gustafsonlegal.com or via phone at 608-274-7192.

For those with a desire to keep reading and learning, visit the Blog I write titled Navigator, which is located at gustafsonlegal.blogspot.com.

Fall 2016

Keep your eyes on your mailboxes next fall for thoughts on managing your digital assets. Until then, be well and enjoy 2016.