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## ESTATE PLANNING FOR SINGLES

If you are single, you are in good company. Nearly half of all adult Americans are single. Being single can mean considerable personal and economic freedom. Nevertheless, just like your married counterparts, proper Life & Estate Planning is necessary to keep you in control.



### Disability Planning

Every adult American is responsible for making his or her own personal, health care, and financial decisions. In fact, you may take many basic decisions for granted. For example, you decide where to live, what medical care is appropriate and how to manage your finances. But what if an illness or injury leaves you unable to make even these basic decisions? Who will make such decisions for you? Who will have your best interests at heart?

Proper Life & Estate Planning is required in advance of your incapacity, if you want to appoint your own decision-maker.

Otherwise, by default you may find yourself in the Probate Court in a legal process that typically employs three lawyers and makes your private personal, health care, and financial circumstances a matter of public record.

### Choosing Guardians

Do you have minor children (i.e., under age 18 in most states)? If so, you probably invest considerable time and money to provide them with a moral, safe and secure home environment. What if you died while they were still minors? Who would rear them to adulthood? Who would provide the moral, safe and secure

## INSIDE

Singles comprise nearly half of the adult American population. Whether never married, widowed or divorced, single adults face unique Life & Estate Planning issues. In this issue of our newsletter we focus on the challenges from a singular perspective.

Whether you are getting married or remarried, on page three we examine Premarital Planning and offer some practical pointers regarding important financial and legal matters that you will want to consider before you tie-the-knot.

home environment? Unless you want a Probate Judge to make the selection for you, proper Life & Estate Planning is required.

Who will manage the inheritance you leave for your minor children until they reach adulthood? Again, that decision will be made by a Probate Judge in the absence of proper Life & Estate Planning by you.

What if you have minor children, but are divorced or never married? Absent a showing of unfitness, the Probate Court will appoint the surviving biological parent not only to rear the children to adulthood, but also to manage

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their inheritance. Even worse, if the surviving biological parent then survives your children, they ultimately may receive the inheritance ... along with their new spouse and stepchildren!

### Distributing Mementoes

Is family harmony important to you? Whether it is *grandma's yellow pie pan*, antique furniture or that Civil War sword, such items should be identified in your Life & Estate Plan along with the designated recipient of your own selection. Otherwise, your valuables could end up in the hands of the wrong loved one or sold to a perfect stranger in your Estate Sale. Either way, relationships between and among your loved ones could be bruised or battered unnecessarily.

### Estate and Gift Taxes

Benjamin Franklin noted that there are only two certainties in life: *Death & Taxes*. While there is little we can do to avoid the former, proper estate tax planning can minimize the latter. One of the best kept secrets for reducing Federal Estate Taxes is



giving while you are living. Such giving leverages the **Annual Gift Exclusion (AGE)** that is available to every taxpayer.

Under the AGE, each taxpayer may give \$13,000 each year to as many people as they wish. This wealth transfer does not trigger gift taxes to the donor or to the donee. Additionally, any future increase in the value of the gifted asset is not included in the donor's estate for determining Federal Estate Taxes later on. For this reason, gifts of appreciated assets (e.g., stock that is rapidly going up in value) are popular. [Note: Legal

counsel should be sought before making AGE gifts!]

Are your likely beneficiaries young, inexperienced or perhaps irresponsible? If so, various Trusts can be created to protect your AGE gifts from their potential divorces, lawsuits, bankruptcies or good, old-fashioned squandering. Through carefully drafted Trusts you can control how and when the gifted assets are made available to your beneficiaries. As legendary jurist Oliver Wendell Holmes put it: *Put not your trust in money, but put your money in trust.*



## Ask Yourself ...

*These Questions Regarding "Estate Planning for Singles."*

- |  |     |    |          |
|--|-----|----|----------|
| 1. Were I ever incapacitated due to an injury or illness, neither I nor my assets will be subject to the Probate Court.  | Yes | No | Not Sure |
| 2. Were I to die leaving minor children, I have legally appointed at least one Guardian (i.e., Back-Up Parent) for them <i>and</i> someone I trust to administer their inheritance.                                | Yes | No | Not Sure |
| 3. (If Divorced or Never Married) Were I to die leaving minor children, I have legally appointed at least one Guardian (i.e., Back-Up Parent) for them <i>and</i> someone I trust to administer their inheritance. | Yes | No | Not Sure |
| 4. Were I to die, I have legally designated who will receive various valuable (or sentimental) items of tangible personal property from my estate, to avoid conflicts among loved ones.                            | Yes | No | Not Sure |
| 5. Were I to die, I have made arrangements to protect the inheritance for my children from their potential divorces, lawsuits, bankruptcies or good, old-fashioned squandering.                                    | Yes | No | Not Sure |



# PREMARITAL PLANNING

Are you or someone you know planning to get married? If so, you should consider some of the important financial and legal consequences of exchanging vows before the big day.

## Premarital Agreements

Whether you are single, widowed or divorced, you might want to consider executing a Premarital Agreement with your intended before you say *I do*. Legally speaking, a Premarital Agreement is a two-party contract made in contemplation of marriage and is effective upon solemnization of the marriage. Practically speaking, it allows prospective spouses to agree in advance to such things as:

- Asset ownership during the marriage;
- Asset disposition upon death;
- Asset division upon divorce; and
- Spousal support.

To help ensure that your Premarital Agreement withstands future legal challenges to its terms, here are some points to remember:

- Provide full, written disclosure of all assets by both parties;
- Provide adequate time for negotiation and reflection (i.e., well in advance of the wedding day);
- Make sure the Agreement is entered into voluntarily and the provisions are not unconscionable (e.g., unfair);
- Make sure each party understands the provisions; and
- Make sure each party has independent legal representation.

While perhaps not very romantic, a properly drafted Premarital Agreement can protect family wealth and the interests of other family members in such wealth (e.g., family business ownership). In some circumstances, it also can help determine whether money is a primary motivating factor in the relationship before it is too late. Love may be blind, but you should approach marriage with both eyes wide open!

## Blended Families

If your marriage would create a Blended Family, then careful estate planning is required to reach often-competing goals. For example, how will you provide for the financial needs of your surviving spouse during their lifetime and for your own children?

Careful coordination between your financial planning and your estate plan can help. One possible strategy could be called the *Triple Play*. Here's how it works:

First, you and your spouse-to-be execute a Premarital Agreement identifying and separating your respective assets. This will allow each of you to retain control over their eventual post-mortem disposition.

Second, you create a *QTIP Trust* as part of your estate plan. Upon your death, this Trust will provide income for your surviving spouse. Upon their death, the assets are held and administered for your own children.

Finally, a Life Insurance policy on your life will provide the funds



needed to fuel the *QTIP Trust* and/or Trusts for your own children upon your death. Why Life Insurance? Because it provides a *known* sum of cash when it is needed at an *unknown* time in the future.

## Summary

Enjoy all of the romance and excitement of your upcoming wedding day. As part of your preparations, be sure to evaluate the financial, tax and family challenges with qualified counsel.

## POCKET PROTECTORS

### Tips to help you protect your pocket!

#### Resources for Single Adults

With nearly half of Americans unmarried, there are many groups and organizations tailored to their unique needs and interests, above and beyond internet dating resources.

Here are some helpful internet-based resources for singles:

1. [www.singlesorganizations.com](http://www.singlesorganizations.com): This is a central clearinghouse for groups and organizations serving singles. This website is for singles seeking organizations specifically for singles, for leaders of organizations seeking leadership resources and for singles organizations seeking new members. This website is one of many such clearinghouses for singles.

2. [www.griefshare.org](http://www.griefshare.org): GriefShare sponsors seminars and support groups around the United States, Canada and 10 other countries. Visit their website or call (800) 395-5755 to learn about a group near you.

3. [www.stepfamily.org](http://www.stepfamily.org): If you have formed or will be forming a *blended family*, then the **Stepfamily Foundation, Inc.**, can assist you. Visit their website or call (212) 877-3244.

“The price of  
anything is the  
amount of life you  
exchange for it.”

— Henry David  
Thoreau

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This Newsletter is my way of staying in touch with you and highlighting issues that may affect you personally and financially, now or in the future. As always, feel free to give me a call anytime at the office. I never charge for these calls, and enjoy hearing from you.

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