



# Estate Planning

ASSESSING YOUR NEEDS

# Define Your Goals and Objectives

- ▶ Start by outlining your primary objectives. This may include providing for your family, minimizing tax liabilities, ensuring specific assets go to certain individuals or charities, or any other specific wishes you have.
- ▶ Your goals will change over time as your life circumstances change. The goals of a young parent are different from those of an elderly couple:
  - ▶ Providing for minor or disabled children
  - ▶ Protecting assets from a greedy in-law or in case of a troubled marriage
  - ▶ Recognizing the sacrifice of a care-giving child or other individual
  - ▶ Providing for adult relatives unable to provide for themselves
  - ▶ Avoiding family disharmony

# Remember:

- ▶ This is YOUR plan
- ▶ It is confidential
- ▶ Do not let anyone pressure you into creating estate documents that make you uncomfortable.
- ▶ Beware of downloading forms from the internet. You may not get the plan you think you created.

# List Your Assets and Debts

- ▶ Make a comprehensive inventory of all your assets (such as properties, bank accounts, investments, personal belongings, etc.) and liabilities (mortgages, loans, etc.). This helps provide a clear picture of your financial situation.
- ▶ How are the assets titled? JTWROS? T/E?
- ▶ Are there beneficiary designations?
- ▶ Special tax rules apply for inherited Qualified Retirement Plans (IRA, 401k, 403b, SEP etc.) so these should be separately listed on an inventory

# Does something need special consideration

- ▶ Business interests – do you need a business succession plan?
- ▶ Family trusts
- ▶ Inheritances from others
- ▶ Investment properties
- ▶ Real property in other states (you may need a trust to avoid ancillary probate)
- ▶ Assets in foreign countries
- ▶ Vacation properties or other unique circumstances
- ▶ Pets
- ▶ Guns

# What about your health?

- ▶ Physical or mental health concerns
- ▶ Short term and long-term care needs
- ▶ 70% of people 60 years old will need long-term care, men for 2.2 years, women 3.7 years on average.
- ▶ Long-term care is NOT covered by insurance.
  - ▶ Be careful about 5 year Medicaid asset protection trusts. The costs can easily outweigh any benefits and they cannot own qualified retirement accounts.

# More on health

- ▶ Behavioral or mental health issues
- ▶ Developmental disabilities
- ▶ Other diagnosis: TBI, dementia
  - ▶ Supported decision making in lieu of guardianship for those needing assistance
  - ▶ Special Needs Trusts
  - ▶ ABLE accounts
  - ▶ Advance Directive for Mental Health

# Choose Beneficiaries

- ▶ :Determine who you want to inherit your assets. This can include family members, friends, charities, or organizations. Be specific about what each beneficiary should receive.
- ▶ Is there a blended family? Who inherits at first death? At second? Do you need to coordinate the estate plans for the couple?
- ▶ Should there be a trust to protect certain beneficiaries?
  - ▶ Children from first marriage, or
  - ▶ A beneficiary with a disability
- ▶ There may be tax considerations for classes of beneficiaries.
  - ▶ Domestic partners (now needs to be registered)
  - ▶ Bequests to family, siblings, nieces, nephews, cousins, friends subject to inheritance tax

# Select an Executor/Personal Representative

- ▶ This is the person responsible for carrying out the instructions in your will. They will handle tasks like probating the will, distributing assets, and settling debts.
  - ▶ This is a job with a specific skill set – choose accordingly
  - ▶ Skills:
    - ▶ Organized
    - ▶ Good with money
    - ▶ Able to keep books and records
    - ▶ Willing to communicate with beneficiaries/heirs

# Designate Guardians for Minor Children

- ▶ If you have children who are minors, appoint a guardian who will be responsible for their care and upbringing if you and the other parent are unable to do so.
- ▶ Who should have this job?
- ▶ How will you provide for them financially?

# Consider Healthcare Directives

- ▶ Create documents like a living will and a healthcare proxy (or healthcare power of attorney) that outline your wishes for medical treatment and designate someone to make decisions on your behalf if you're unable to do so.
- ▶ Your proxy should:
  - ▶ Know you well
  - ▶ Be able to advocate for you to make sure your wishes are carried out and not push for what they think would be in your best interest

# Financial Durable Power of Attorney

- ▶ Designate an agent, attorney-in-fact to act on your behalf with respect to your assets.
- ▶ Maryland Statutory Power of Attorney form has been revised effective 10/1/2023.
- ▶ Extremely powerful document – proceed with caution!
- ▶ Appoint a very trustworthy fiduciary
  - ▶ Honest
  - ▶ Good with numbers
  - ▶ Able to keep accurate books and records
  - ▶ Good at managing money

# Minimize Tax Liabilities

- ▶ Explore strategies to minimize estate taxes, which can significantly impact the value of your estate that your beneficiaries receive.
- ▶ Three types of taxes:
  - ▶ Estate taxes - \$5 million threshold for Maryland, \$12.92 Federal
  - ▶ Inheritance taxes – Maryland only, and assessed on who inherits. (Immediate family members are exempt)
  - ▶ Income taxes
  - ▶ Gift strategies – no gift tax in Maryland

# Changed Circumstances ?

- ▶ : If you have changes in circumstances, such as a new marriage, divorce, move to another state, disability, a business, or a dependent with special needs, changes in tax laws, you will need to review your estate plan to address to address these situations.

# Questions?

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