



Chapter 7 Checklist

Wealth Preservation Strategies

Questions—“Is Our Family OK?”

- Are your wills/trusts current? Have they been updated to reflect changes as a result of ATRA of 2012? When were they last reviewed by someone other than the attorney who drafted them?
- Do you know EXACTLY how they work?
- Have you seen a flow diagram of how your assets will pass upon your death and your spouse’s death, with actual dollar amounts, to each family member and the IRS?
- Are you aware of the strategies included on the “endangered species list” and considered utilization (“use it or lose it”)?
 - Short- and long-term GRATs
 - Grantor trusts
 - SLATs
 - Sales to IDIT
 - Dynasty trusts (GST)
 - Valuation discounts
- Did you transfer substantial wealth to trusts already?
 - How are you managing the income tax liability (grantor trust)?
 - Have you leveraged trust assets?
 - Have you considered swapping assets to maximize basis step-up?
- How are you taking advantage of low interest rates to transfer wealth?
- Do you plan to “top off” gifts annually as the gift tax exemption and annual exclusion gifts increase with inflation?
- Which income tax planning ideas have you implemented to address the higher 39.6% tax rates and 3.8% surtax on net investment income created by ATRA of 2012?
- Are powers of attorney, health-care directives, and HIPAA releases and authorizations up to date?
- Do you know how much the IRS will take if you and your spouse died today? In 10 years? At life expectancy?
- Are you concerned about paying federal estate taxes? State estate taxes?
- Which assets do you want liquidated to pay for estate taxes?

- People are motivated to plan their estates for various reasons. What is your primary motivation? Rank in order of importance:
 - To reduce estate taxes
 - To increase inheritance for heirs
 - To make charitable contributions
 - To protect assets from creditors and predators
 - Other
- If you could allocate your estate at death any way you wanted to among the following choices, what would be your ideal allocation?
___% your family ___ % IRS ___% charity
- What are the most important financial values that you would like to pass on to your children?
- How should assets be managed at:
 - Your death for your spouse?
 - Your spouse's death for you?
 - Both of your deaths for your children?
- Have you reviewed the ownership of assets (your name, your spouse's name, joint, trust)?
- Do you want to guarantee that your assets go to your children or allow your surviving spouse to decide?
- What are you doing today on a proactive basis to increase the likelihood that your children and grandchildren will be outstanding stewards of your wealth?
- How do you intend to equalize inheritances among children who are active or inactive in your family business, if applicable?
- When was the last time you received an objective second opinion of your overall wealth preservation plan?
- Have you calculated future required minimum distributions from your retirement plans and IRAs and what percentage will be lost to income and estate taxes after you and your spouse are gone?
- Have you calculated the long-term economics of gifting to your family?
- What steps have you taken to make sure that your family's knowledge, wisdom, and experiences, as well as your financial philosophy, will be transferred to your heirs?
- Are you concerned about leaving substantial wealth to your heirs and actually causing more harm than good (i.e., "lottery winners")? What are your thoughts about this?
- What do you think about transferring assets to children and/or other heirs during your lifetime, when you may be able to share in the enjoyment of their use?
 - I prefer to transfer assets to my heirs as soon as possible. How much? _____
 - For any particular use? _____

- I prefer to transfer some assets today but will wait to transfer the largest portion of my estate at my death.
- I prefer to transfer all assets at my death or at the death of the survivor.
- I prefer to transfer assets at my spouse's death.
- Other (be specific) _____
- Which statement most clearly reflects your thoughts regarding your willingness to give up ownership or control of assets?
 - I am uncomfortable with any strategy that interferes with my direct ownership or control of assets.
 - I am comfortable relinquishing ownership as long as I maintain control
 - and retain access to all income.
 - and retain access to sufficient income to maintain my financial independence.
 - regardless of access to income (i.e., I can continue to manage the assets).
 - I am comfortable relinquishing ownership as long as I maintain control
 - of investment policy.
 - of distribution decisions.
 - of future management decisions.
 - I have no concern about relinquishing ownership.
- Your children's inheritance can be considered in terms of the amount of principal they receive or the capacity of the estate to deliver an amount of annual income that would be available to help maintain their standard of living. What amount of inflation-adjusted income would fulfill your definition of success for each child's inheritance?
- If you could leave any amount of wealth to your heirs, what is the total amount you would leave them?
\$ _____ How did you determine this amount?
- In estate preservation, fair is not always equal, and equal is not always fair. Which statements most closely reflect your thoughts on the subject?
 - Regardless of his or her individual circumstances or need, each child should receive an equal principal share of my estate at the time of my death.
 - On the basis of the individual needs and circumstances of each child, an appropriate share should be distributed from the estate.
 - Specific assets should go to certain children.
- You may be concerned that your heirs lack the necessary skills to manage inherited wealth. Which statement most closely reflects your view?
 - I believe my children do not possess the necessary skills to manage wealth and
 - I do not feel a responsibility to prepare them to do so.
 - I do feel a responsibility to prepare them to do so.

- I prefer to pass assets in trust or by other means that assure professional management.
- I believe my children do possess the necessary skills to manage wealth
 - but I prefer to pass assets in trust or by other means that assure professional management.
 - and I feel comfortable that they will manage their inheritance effectively.
- I am unsure of the interest levels, skills, and abilities of my children to manage wealth.
- Your family wealth can be structured to protect inherited wealth from the claims of your children’s creditors, divorce proceedings, and/or liability claims.
 - This is an important goal in planning. What asset protection tools are you utilizing?
 - I am not concerned about this aspect of my planning.
- If applicable, how do you feel about transferring assets to your grandchildren?
 - I prefer to leave my estate to my children; they can determine whether passing a portion of the assets along to my grandchildren is appropriate.
 - I am primarily concerned with providing for my children; however, if sufficient assets are available, I would consider leaving a portion of my estate directly to my grandchildren.
 - I would like to make assets available for both my children and my grandchildren, with the flexibility to respond to their varying needs.
 - I have already provided adequately for my children and would prefer to distribute the remainder of my estate to my grandchildren.
 - I do not choose to transfer assets to my grandchildren.

Charitable Giving Questions—“Is Our Community OK?”

- As a family, you may have a history of charitable giving and volunteerism. Which statement most closely reflects your philanthropic history? Check all of the following statements with which you agree.
 - I have a clear picture of why I made past gifts of money and time.
 - I feel good about my philanthropic history.
 - I believe that my efforts have made a difference.
 - I have received little satisfaction from gifts I have made in the past.
 - I have created a mission statement or charitable philosophy for me, my family, and my advisors relative to my giving.
 - When I give to charity, I usually do so with a specific objective in mind.
 - I usually prefer to make unrestricted gifts, as the organizations I support know best how to use those dollars for their greatest benefit.

- I hold charities accountable for gifts that I make.
- I prefer to have direct contact with the charities I support financially.
- I prefer to make anonymous contributions or those where no direct contact with the charity is required.
- I would like to be directly involved in the work of exploring and/or analyzing problems, or shaping promising solutions with my philanthropy.
- I enjoy being recognized for my philanthropy.
- I prefer to make my charitable contributions during my lifetime, so that I can enjoy watching the impact of my philanthropy.
- I prefer to make my charitable contributions through my estate plan, so that I do not give up control of my assets during my lifetime.
- I think a private family foundation might be a good idea.
- I am interested in a private foundation but would prefer a less complicated alternative.
- Giving should be hands-on; I want my family to “walk the talk” of philanthropy.
- I have already established a family foundation and
 - so far have been disappointed.
 - have found the process compelling and rewarding.
- Which statement most closely reflects your thoughts regarding the transfer of charitable gifts through your estate plan?
 - “Charity begins at home.” I have no intention of providing for charitable organizations through my estate plan.
 - I would rather direct money to charity than pay taxes.
 - As long as my financial independence or intended family legacy is not compromised, I would consider charitable gifts as part of my estate plan.
 - I would like to include charitable gifts in the distribution of my estate in some form; however, I am not interested in making those transfers today.
 - To the extent possible, I plan to include charitable gifts in the distribution of my estate.
 - Philanthropy is the focal point of my estate plan.
- What has been your level of personal involvement with charitable organizations, including volunteer time and/or money?
- Does your current wealth preservation plan accomplish your goals for charity?