

# The Estate Planning Institute



10

**Dedicated To Public and Professional  
Education for Protecting  
America's Assets One family At A Time!**

# STARTING WITH THE BASICS

Protect You  
and your Assets

Auto, Home, Liability,  
Life, Health, Long Term Care



# MISCONCEPTIONS

## AARP STUDY



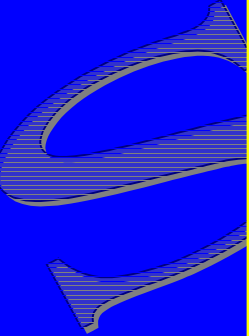
**1. It won't happen to me!**

**2. My children will take care of me**

**3. It's not that expensive**

**4. Medicare pays for nursing homes**

**5. Medigap pays for nursing homes**



**6. Medicaid is easy to get on -  
I'll just give my money away and apply**

# MYTH

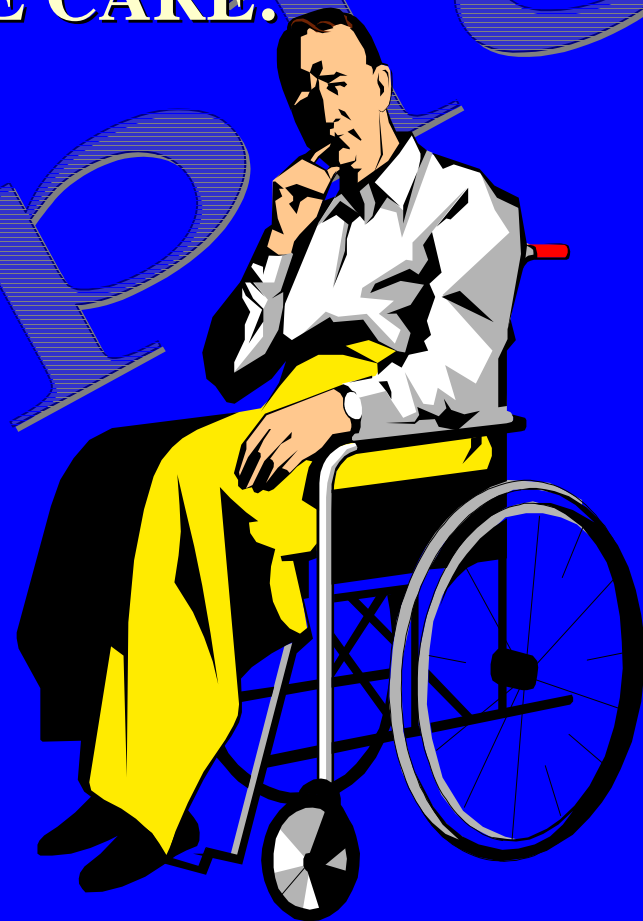
**A NURSING HOME  
IS NOT THAT EXPENSIVE  
\$35,000 - \$65,000 A YEAR**

**GOV'T - AARP STUDY**

- 1. 33 1/3% wiped out in 13 weeks**
- 2. 83% wiped out in 52 weeks**
- 3. 98% wiped out in 100 weeks**

**MEDICARE AND MEDIGAP  
DO NOT PAY FOR  
CUSTODIAL NURSING HOME CARE:**

- **Bathing**
- **Dressing**
- **Walking**
- **Eating**
- **Toileting**



# MEDICAID

## NOT AT ALL EASY TO GET ON



- Eligibility Requirements
- Asset Requirements
- Income Requirements
- Spend Down Requirements

# SENIORS

About 30 million

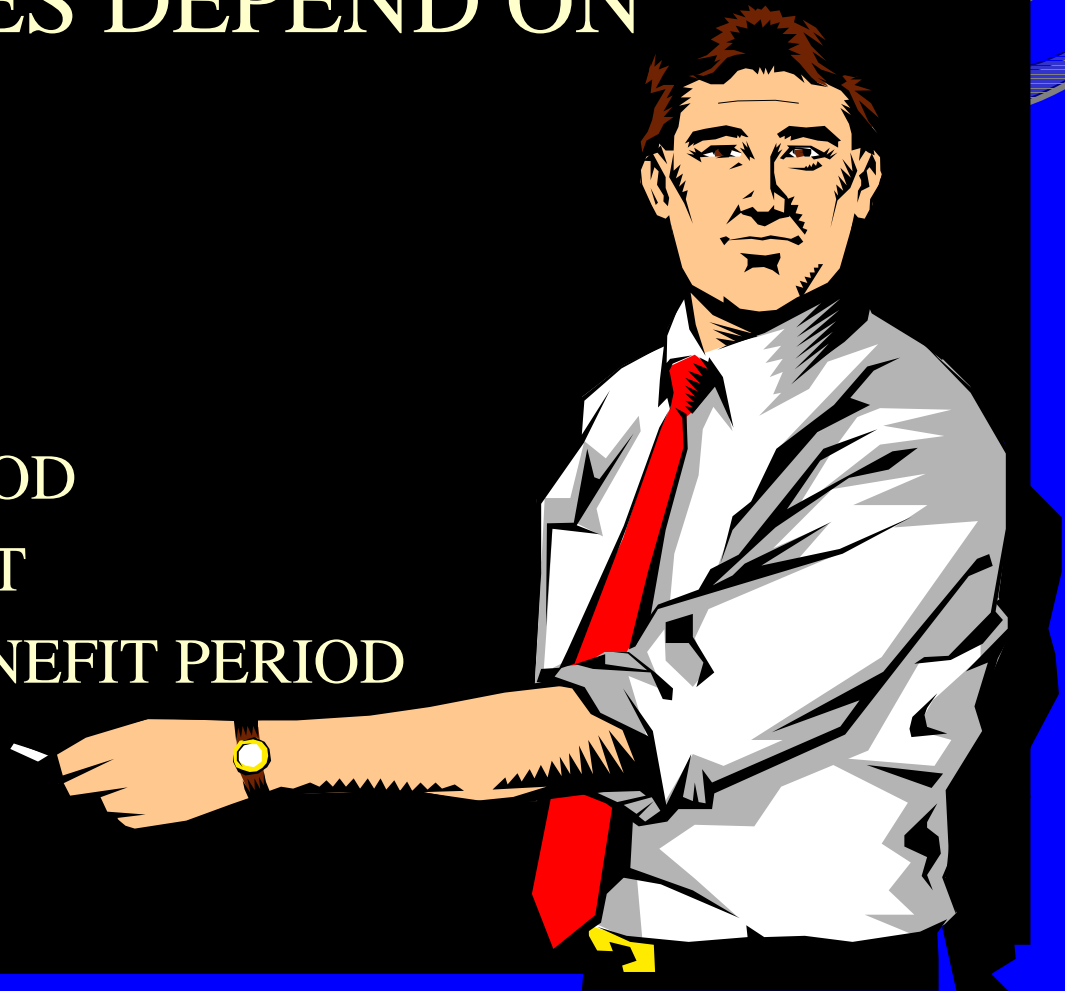
WWII - KOREA GENERATION

A+ FOR BUILDING AN ESTATE

D- FOR PRESERVING IT

# NURSING HOME INSURANCE RATES DEPEND ON

- AGE
- HEALTH
- WAITING PERIOD
- DAILY BENEFIT
- MAXIMUM BENEFIT PERIOD



# NURSING HOME INSURANCE YOU NEED A SPECIALIST TO

## WATCH OUT FOR:

- PRE-EXISTING CONDITION EXCLUSION
- ALZHEIMERS EXCLUSION
- PRE-HOSPITAL STAY REQUIREMENT
- INFLATION PROTECTION
- WAIVER OF PREMIUM BENEFIT
- AFFORDABLE RATES - SHOPPING
- HOME HEALTH CARE



Decision We Make Today  
Effect the lives of our loved  
ones for Generations To Come

Estate Planning is about Families  
Taking Care of Each Other with  
Proper and Essential Estate Planning and  
Not Depending On The Government

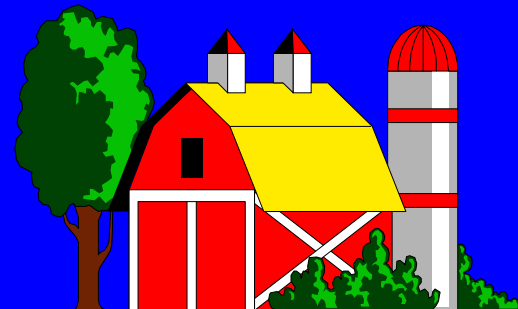
# LONG TERM CARE INSURANCE POLICIES

## BALL PARK FIGURES

AGE	ANNUAL	PREMIUM
55	.....	\$1000
60	.....	\$1,500
65	.....	\$1,900
70	.....	\$2,200
75	.....	\$3,000

**What is estate planning?**  
**Building a Life of Peace of Mind,**  
**To Have Control in Your Life Today and Tomorrow.**  
**Assuring Protection, Privacy and Security**  
**For You and Your Loved Ones!**

*Getting  
affairs  
in order*



# WHY ARE SENIORS NOT PLANNING?

- **FEAR**
- **OUTDATED TAX LAWS**
- **CONFUSION**

# There's No margin for error with the small estate

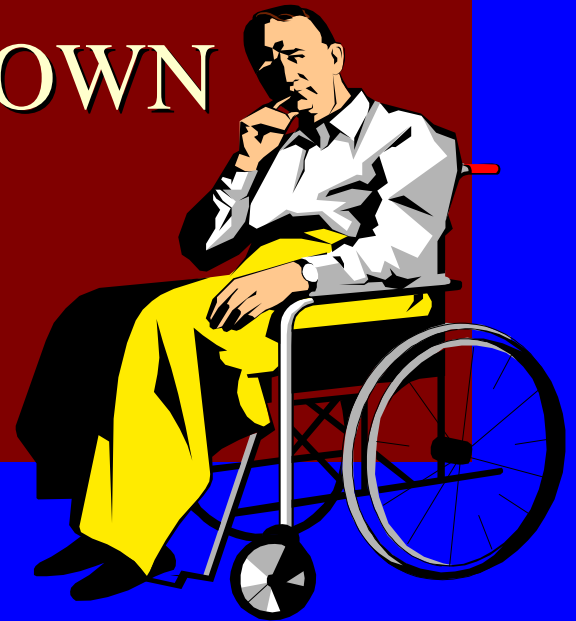
The Smaller The Estate The More Exposure and Risk that could wipe out the Entire Estate

Large Estates might make planning mistakes and have some left over not so with the small estate.

*The Smaller the  
Estate  
the Easier They  
Can Be Wiped Out.*

# You Need a Plan for LONG TERM CARE

STUDIES CONFIRM  
YOU ARE ON YOUR OWN  
TO TAKE CARE  
OF YOURSELF



# Baby Boomers About 75 Million

Depending on over 10 Trillion  
Dollars to pass to their Generation

# WILLS - AND INCAPACITY

YOU LOSE TOTAL CONTROL OF ASSETS  
WHO WILL CONDUCT BUSINESS FOR YOU?

THE COURT WILL HAVE TO GET  
INVOLVED!

WITH PUBLIC HEARING OF YOUR  
CAPACITY

CONSERVATORSHIP / GUARDIANSHIP

STRICT RECORD KEEPING  
REQUIREMENTS



# Exposures Such as Heirs



# CONSERVATORSHIP



# LESSONS LEARNED FROM FAMOUS PEOPLE

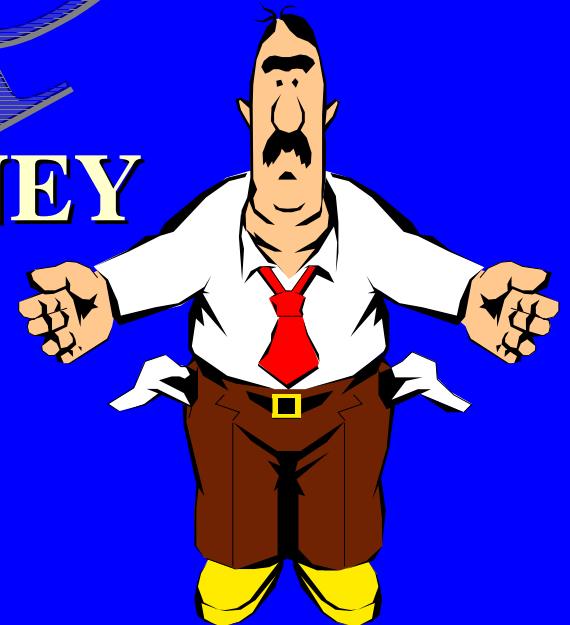
- WARREN BERGER
- JACKIE ONASSIS
- SUPERMAN
- ANN SHEIBER
- GROUCHO MARKS
- GEORGE BURNS

# ESTATES ARE LOST FOREVER TO:

- TAXES
- LAWYERS
- NURSING  
HOMES



**YOU EITHER PLAN  
OR  
THE GOVERNMENT  
HAS A PLAN  
FOR YOUR MONEY**



# WHY ARE SENIORS NOT PLANNING?

FEAR

OUTDATED TAX LAWS

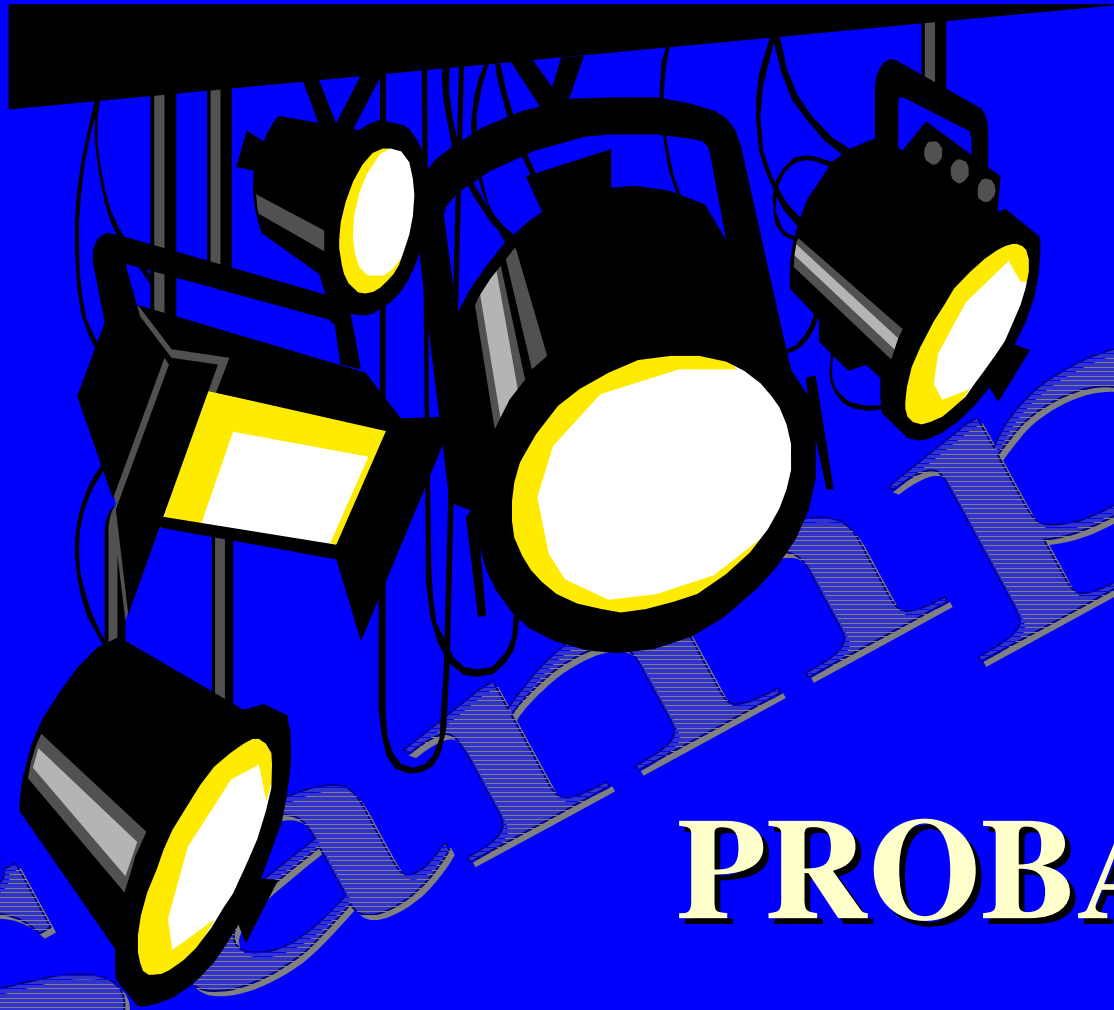
CONFUSION

# SENIORS

WWII - KOREA GENERATION  
A+ FOR BUILDING AN ESTATE

D- FOR PRESERVING IT

**WHAT HAPPENS  
AFTER  
YOUR DEATH?**



STAGE LIGHTS

# PROBATE

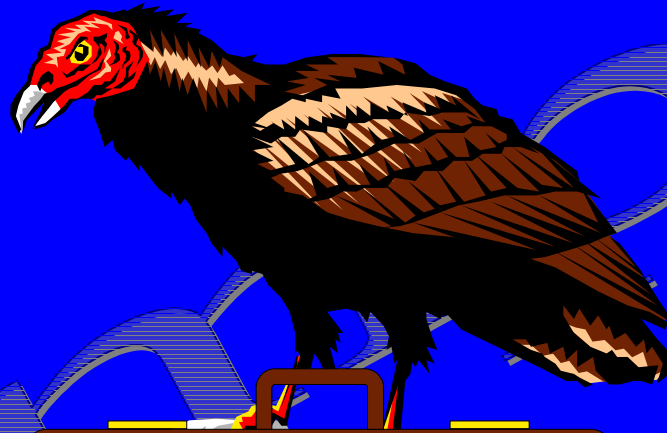
# LOOK OUT FOR HEIRS



With a Will your assets and business become public with the circuit court of your county

Starts with commissioner of Accounts, Inventory of Assets, Other Taxes and Fees, etc., etc. etc. Until the Clerk or Judge of the County Court approves completion

# PROBATE ATTORNEYS



**Your Assets  
and Business**

*The Smaller the Estate  
the Easier it  
Can Be Wiped Out*

# **ESTIMATED DELAYS WITH PROBATE:**

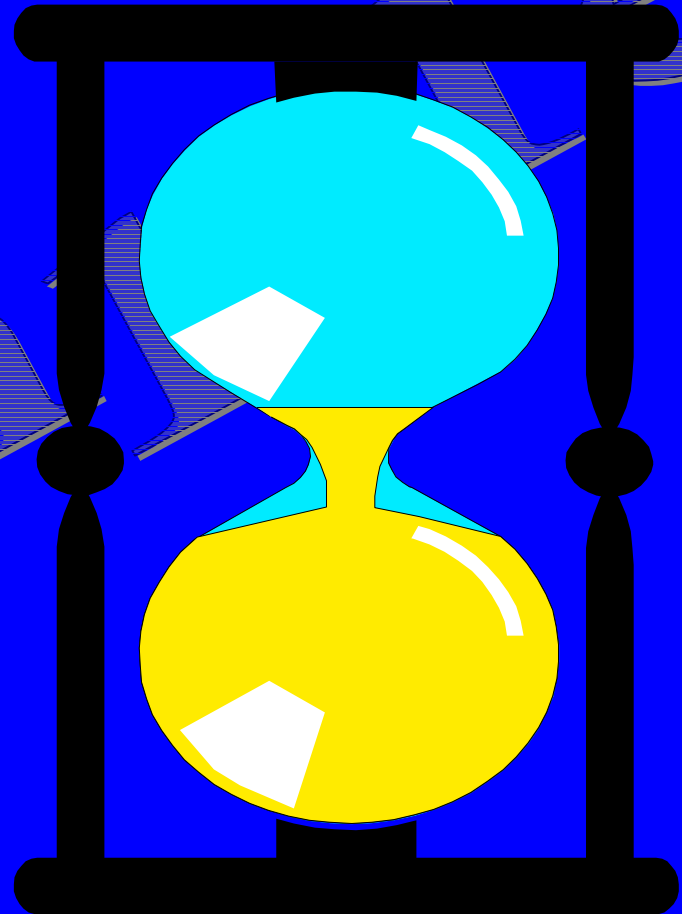
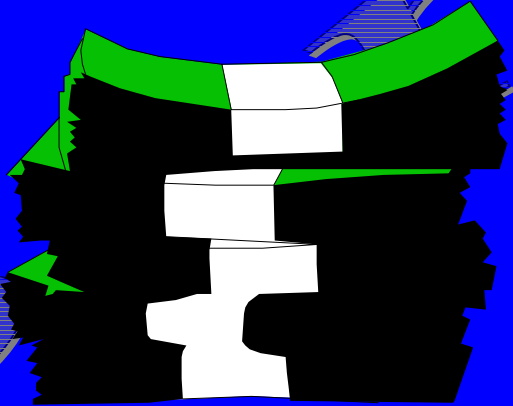
**SIX MONTHS TO  
MORE THAN  
3 YEARS**

**WORST IS  
DOING NOTHING!  
INTESTATE**

**Or Leaving the State Laws or  
County Judge to Decide  
Where Your Assets Go While the  
Public Has Access to Your Business**

# CONSIDERABLE EXTRA

- TIME &
  - EXPENSE
- IF NO WILL



YOU EITHER PLAN  
OR  
THE GOVERNMENT  
HAS A PLAN  
FOR YOUR MONEY

# BIGGEST ESTATE PLANNING MISTAKES

Doing nothing until you have to

If it's not broken, don't fix it

Joint Tenancy

“I Love You Wills”



# Planning Ahead

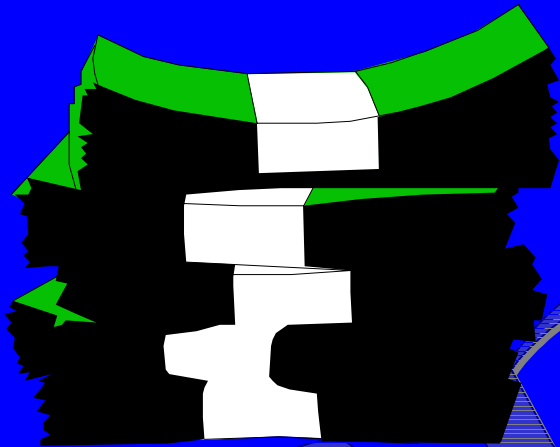




**SOLUTION:**

**AVOID PROBATE**

# TAXES



# FEDERAL ESTATE & GIFT TAX RATES

OVER BUT NOT OVER THE TAX IS PLUS OF THE EXCESS OVER

\$ 500,000	\$ 750,000	\$ 155,800	37%	\$ 500,000
\$ 750,000	\$1,000,000	\$ 248,300	39%	\$ 750,000
\$1,000,000	\$1,250,000	\$ 345,800	41%	\$1,000,000
\$1,250,000	\$1,500,000	\$ 448,300	43%	\$1,250,000
\$1,500,000	\$2,000,000	\$ 555,800	45%	\$2,000,000
\$2,000,000	\$2,500,000	\$ 780,800	49%	\$2,000,000
\$2,500,000	\$3,000,000	\$1,025,800	53%	\$2,500,000
\$3,000,000	-	\$1,290,800	55%	\$3,000,000

# FEDERAL ESTATE TAX CALCULATION

VALUE OF ESTATE PRELIMINARY CREDIT ESTATE TAX DUE

\$ 750,000

\$ 248,300

\$ 202,050

\$ 45,750

\$1,500,000

\$ 555,800

\$ 202,050

\$ 353,750

\$2,250,000

\$ 903,300

\$ 202,050

\$ 700,450

**SAMPLE**

What was your estate worth  
10 years ago?

Most People double their estate worth  
every 10 years by doing nothing.

Inflation, investments and property  
values usually double in 10 years

# ESTATE GROWTH (8%)

ESTATE NOW  
\$500,000

5 YEARS IT WILL GROW TO:  
\$743,500

10 YEARS IT WILL GROW TO:  
\$1,079,500

Now \$1,000,000

5 Years \$1,469,000

10 Years \$2,159,000

# FEDERAL ESTATE TAX CALCULATION

This section has to be reviewed and edited with Pending New Tax Laws and changes being considered by Congress and states.

Jan 2003 - Contact BK

# Don't Be Lulled

## Estate Growth vs New Tax Law

	Estate Size	9% Growth Rate
1997	\$600,000	***
1998	625,000	\$654,000
1999	650,000	712,860
2000	675,000	777,017
2001	675,000	846,049
2002	700,000	923,174

# JOINT TENANCY CAN BE DANGEROUS

All Property Goes  
To Survivor  
Automatically

No Probate Nor  
Federal Estate Taxes





**People Are Lulled Because  
First Spouse Gets:**

**UNLIMITED  
MARITAL  
DEDUCTIONS**

**But what happens to the  
second spouse and your heirs?**

**USE IT  
OR  
LOSE IT**

**UP TO \$300,000 LOST UNNECESSARILY**

**YOUR MONEY**

**LOST**

**FOREVER**

# **\$1,300,000 ESTATE NO PLANNING**

**FIRST  
SPOUSE  
DIES**

- 1. ALL PROPERTY TO SPOUSE**
- 2. NO PROBATE**
- 3. NO ESTATE TAXES**

**SECOND  
SPOUSE  
DIES**

- 1. 258,500 FEDERAL ESTATE TAXES**
- 2. \$36,000 TO \$60,000 PROBATE COSTS**
- 3. ABOUT \$300,000 LOST TO HEIRS**

# Proper Estate Planning With Revocable Living Trust

## First Spouse Dies

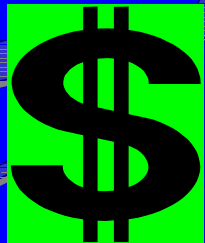
No Probate, No Federal Estate Taxes  
100% of Money Passed to Family Use

## Second Spouse Dies

No Probate, No Federal Estate Taxes  
100% of Money Passed to Family Use

**SAVINGS TO FAMILY**

**UP TO \$300,000**



**There is**

**“A Better Choice”**

# TRUSTS?



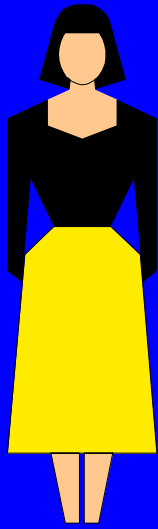
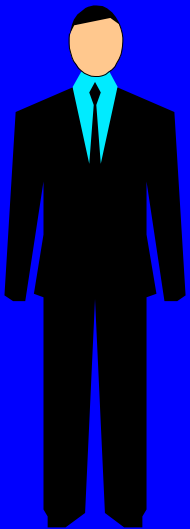
# LIVING TRUSTS

- You are in total control
- No body's business but yours
- Private legal document
- No recording at court house
- Protects and controls heirs distribution
- Minimizes fees and taxes
- Avoids probate

# LOVE TRUST

*For family's with  
special needs  
requiring guidance  
and supervision for certain  
adults, or children*

# HOW DO TRUSTS WORK?



The  
John  
&  
Mary  
Trust

# **YOU HAVE TOTAL CONTROL AT ALL TIMES**

## **Totally Revocable**

**YOU are: GRANTOR(S) YOU CREATE TRUST**

**YOU are: TRUSTEE(S) YOU MANAGE ASSETS**

**YOU are: LIVING BENEFICIARIES**

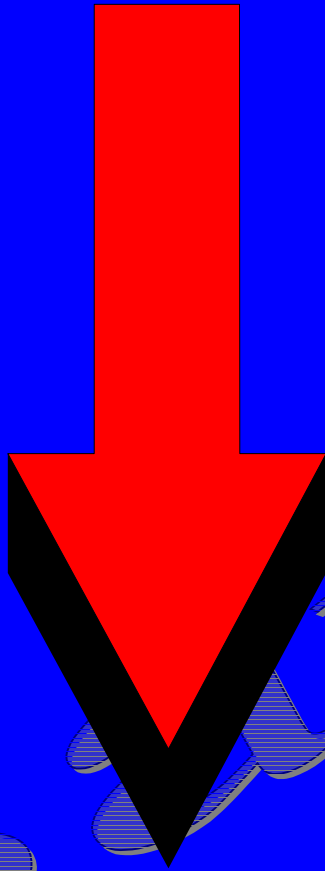
# You Receive All Living Benefits During Your Life

Trust becomes irrevocable  
upon death of last spouse or single person

Heirs receive distributions  
according to your instructions

No Probate, No Public Documents  
Completely Private and Protected for  
Beneficiaries In Trust

# ESTATE PLANNING



**IN STEPS**

**BE DONE**

**NEEDS TO**

**STARTING WITH A SOLID FOUNDATION FIRST!**

**CHANGE TITLE OF ALL  
ASSETS TO THE NAME OF THE TRUST**

**SAVINGS  
INVESTMENTS  
DEEDS  
TO YOUR  
REVOCABLE LIVING  
TRUST**

**IS IT HARD TO PUT ASSETS  
IN MY LIVING TRUST? NO  
IT'S VERY EASY**

**The attorney prepares the deed(s)**

**Letters are sent to institutions to  
Change titles and certificates for:**

**Bank Accounts, CDs**

**Mutual Funds, Stocks, & Bonds**

**Insurance**

**Safe Deposit Boxes**

# Can I Put My IRA in My Trust?

**No Tax Deferred Assets in a Trust!**

**But**

**You Can Make  
the Contingent Beneficiary  
of Your Ira Your Living Trust  
or Another Person or Charity**

**DO I STILL NEED A WILL?**

**YES!**

**IT'S CALLED A POUR OVER WILL**

**IT ACTS AS A SAFETY NET AND  
SENDS ANY FORGOTTEN ASSETS  
TO YOUR TRUST**

# **EVERYONE SHOULD HAVE THE FOLLOWING LEGAL DOCUMENTS:**

- HEALTH CARE POWER OF ATTORNEY
- DURABLE POWER OF ATTORNEY
- POUR OVER WILL
- LIVING WILL

**And Any Other  
Advanced Estate Planning Documents  
For Your Special Needs**

**ADVANTAGES**

**OF A**

**LIVING TRUST**

**TOTALLY REVOCABLE**

**YOU CAN CHANGE**

**YOUR MIND**

# MAINTAIN CONTROL OVER YOUR ASSETS

- **Totally Private Document**
- **Not recorded at the Court House**
- **Much harder to Challenge**

# PROTECTS



your estate far better

than any will

# PROVIDES

for the care and

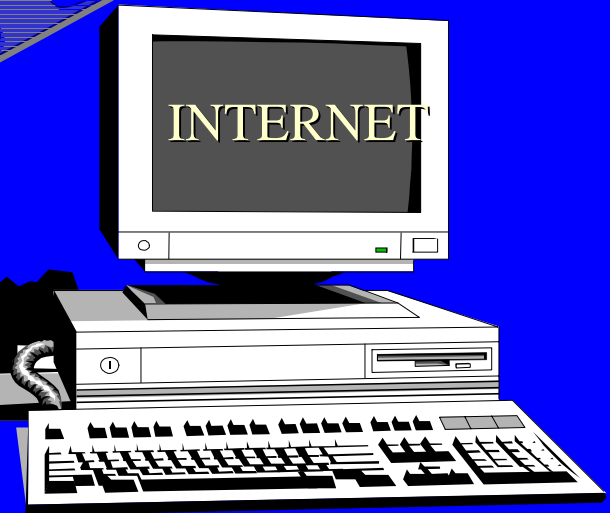
support of minor children



# ENSURES

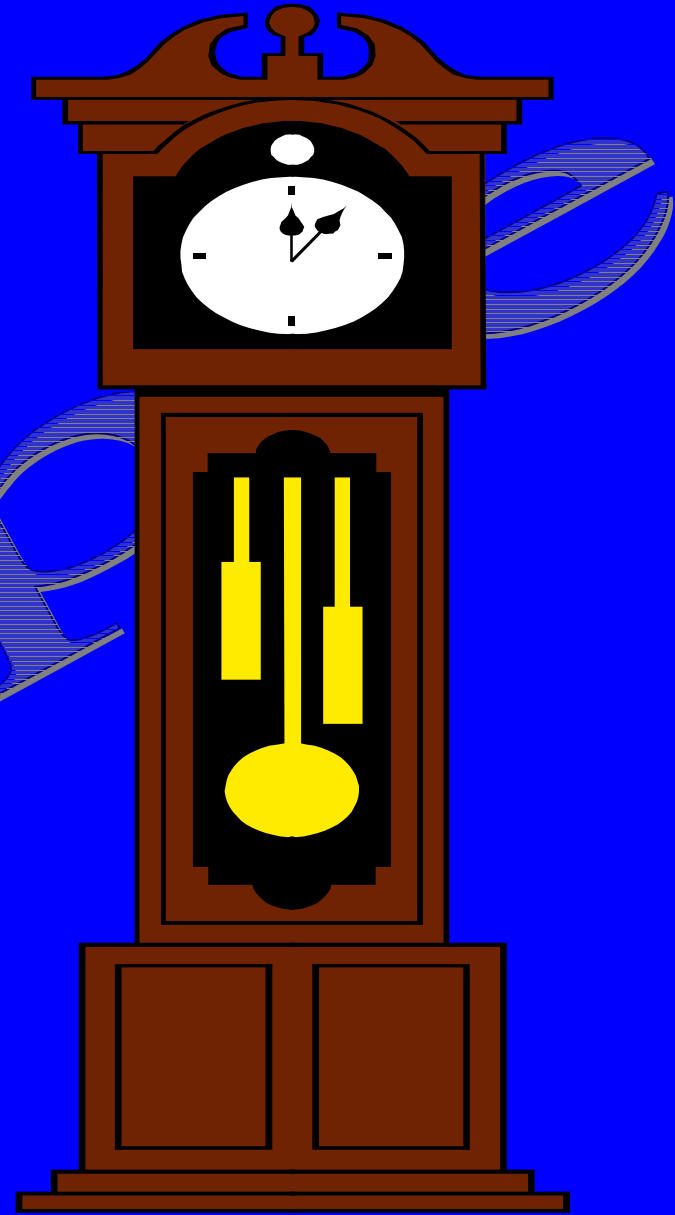
privacy of your estate

where a will is  
public



## COURTHOUSE

**ESTATE  
CAN BE SETTLED  
IN DAYS  
NOT YEARS**

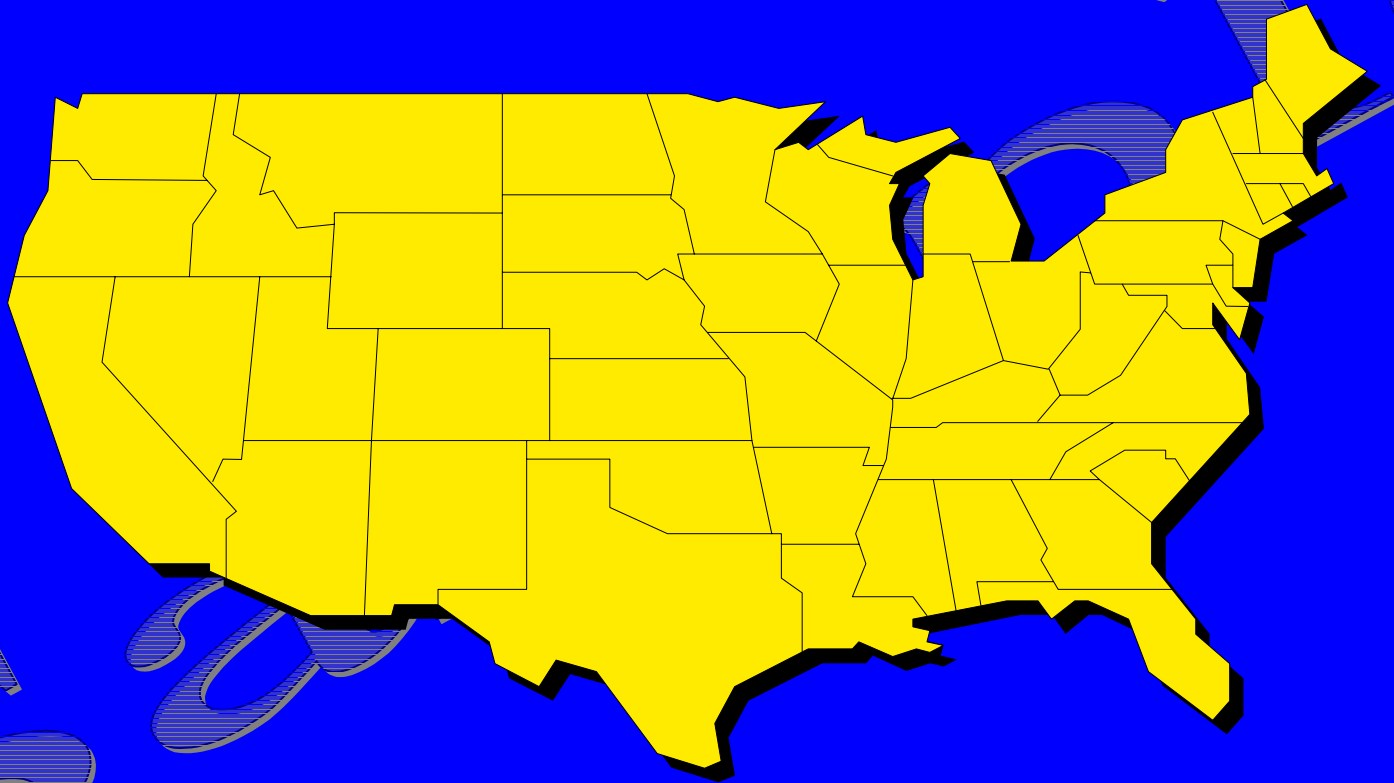


**EASY**

**to set up  
and  
maintain**



**LEGALLY VALID  
IN ALL 50 STATES**



# Don't Practice Law



**REDUCES**

or **ELIMINATES**

**ESTATE TAXES**



# TAXES SAVED WITH KAUFMANN TRUST

TAX YEAR

TAXES SAVED

2000

270,750

2002

283,000

2004

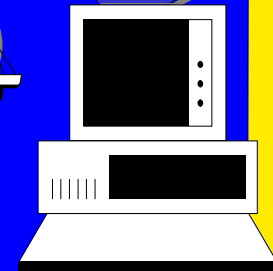
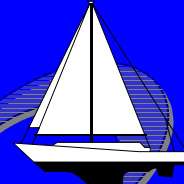
358,500

2006

434,200

# TRUST

CHANGE TITLE OF ALL  
YOUR ASSETS TO THE TRUST



SAVINGS, INVESTMENTS  
REAL ESTATE, BUSINESS STOCK  
TO YOUR  
REVOCABLE LIVING TRUST

# A - B TRUSTS

A

ABOVE THE GROUND

B

BELOW THE GROUND

# Q TIP TRUST

*Qualified Terminal Interest Property*

PROTECTS SURVIVING SPOUSE  
FROM BEING FLEECED

KEEPS ASSETS IN THE FAMILY

**WHY DON'T MORE  
PEOPLE Don't Plan ahead  
and  
USE  
LIVING TRUSTS**

**CONFUSION**  
**LACK OF KNOWLEDGE**  
**Trust cost more than a Will**  
**Choice is to EITHER PLAN AND PAY LESS NOW**  
**OR YOUR**  
**FAMILY & HEIRS**  
**WILL PAY A LOT**  
**MORE LATER**

**WHAT WON'T WORK:**

**DOING  
NOTHING**

**AFFECTING YOU AND YOUR FAMILY  
LOSING UP TO ALL YOUR ESTATE**

**NOT TO PLAN IS A CHOICE**

**TIME IS PASSING**

**YOU**

**HAVE**

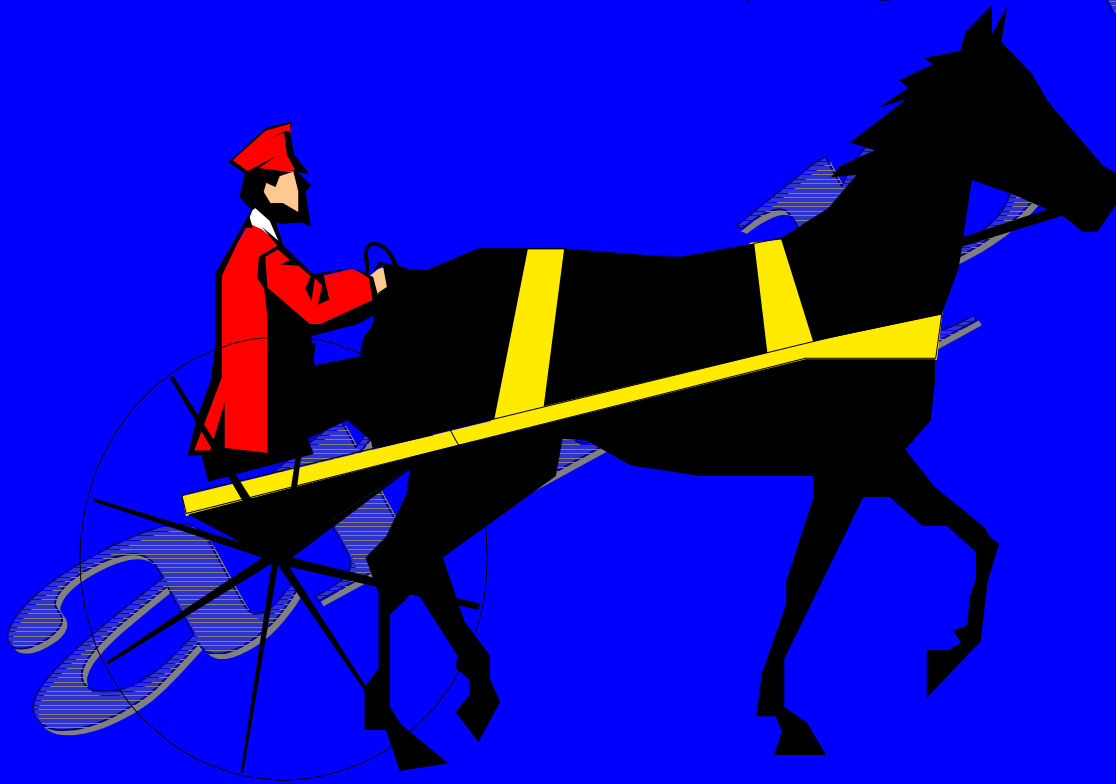
**A CHOICE**

**A BETTER CHOICE**

**Elder Law, Retirement and  
Estate Planning Center**

**PEOPLE DON'T**

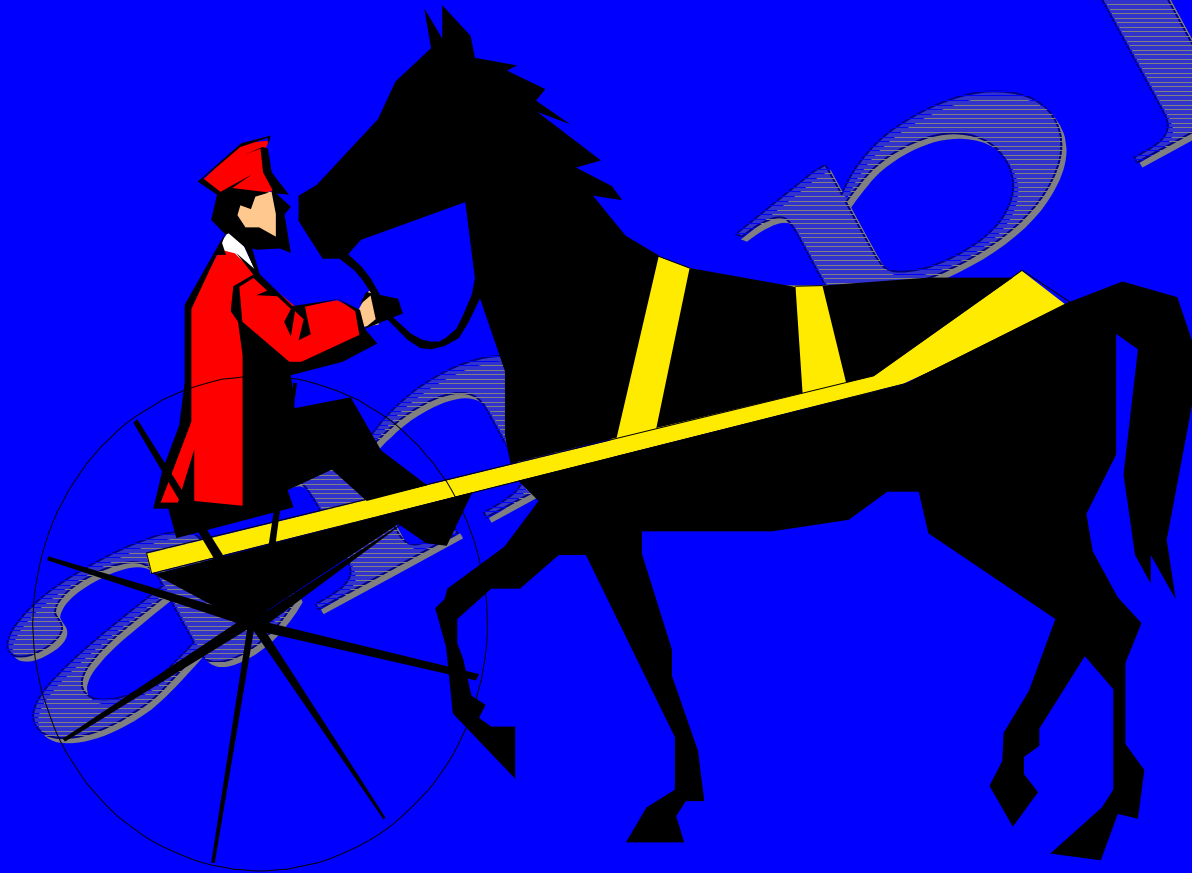
**PLAN TO FAIL**



**“Back to square one”**

**THEY FAIL**

**TO PLAN**



**Most Important Message of The  
Estate Planning Institute  
Planning needs to be done now, when  
your healthy and young**

**PROCRASTINATING IS  
IS WORST OF ALL!**

**Waiting leaves less choices with more  
painful and expensive options if any at  
all with 11th hour planning**

**KNOWLEDGE  
IS POWER**

But Only  
**“WHEN YOU USE IT”**

**Stephen J. Kaufmann**  
**J.D., CLU, ChFC, CPCU, FLMI, CEPP**  
**Attorney At Law**

FORMER VIRGINIA DEPUTY COMMISSIONER OF INSURANCE

**Financial Consultant**  
**Estate and Retirement,**  
**Elder Law Attorney**  
**Family Planning Consultations by**  
**Appointment only**