

## Estate Planning Avoids Headaches

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The 1990s brought a soaring stock market, attractive stock options for many employees and more millionaires than Regis Philbin could dream of crowning. But estate planners caution that much of this wealth could disappear if people don't have a sound financial management strategy.

"What good is the accumulation of a vast amount of wealth if it is wasted in estate taxes, goes to the wrong heirs or is lost in probate?" says Mike Janko, executive director of the National Association of Financial and Estate Planning in Salt Lake City.

"Accumulation is not the end goal. The end goal should be preservation of wealth for you and your heirs."

Janko says the vast majority of Americans avoid estate planning, primarily because they think it's time consuming and expensive. But he says it takes only one to two months and costs \$1,500 to \$3,000 -- which is much less expensive than losing \$500,000 to estate taxes or millions in a lawsuit.

Estate planning concerns:

Dying intestate. When someone dies without a will, the state decides the rightful heirs, their share of the estate and the legal title of the property. If there are no heirs, the state takes the assets.

Probate. The probate process, necessary when people die with property titled in their name, costs 6 percent to 10 percent of the estate value on average. It's desirable to avoid it or to reduce the assets subject to it.

Family structure. Today's families are often a compilation of children from a previous marriage and from a current one. Outlining someone's wishes in a will may avoid fighting, and heartbreak, among the heirs.

Estate planning solutions:

Trusts. Trusts are legal entities used to avoid probate, manage the estate during someone's mental incapacitation, reduce or eliminate estate taxes, transfer property to heirs and protect the estate from lawsuits and seizures. Though there are several types of trusts, in general, grantors transfer ownership of their property to a trust, but maintain exclusive rights to it until their death.

Getting started:

Janko suggests that people:

- Make an inventory of their assets, including the purchase price and current value of each item.
- Determine their goals, such as avoiding estate tax, asset protection or eventual distribution of assets.
- Contact a CPA, financial planner or attorney to create a complete estate plan.
- Review the plan every five years, Janko emphasizes, especially if new assets are acquired.