Planning for the future means considering it before it occurs. Whether your assets are large or small, estate planning will facilitate the administration of your affairs after your death, help you manage money during your lifetime, and preserve wealth. Furthermore, an estate plan can:

- Ensure that assets are distributed according to your wishes and provide for beneficiaries;
- Help minimize estate taxes and court costs;
- Offer planning and direction to young children or grandchildren who may suddenly receive a large sum of money; you can also nominate a **guardian** for your child;
- Allow you to choose an **executor** whom you trust and who knows your wishes, your family, and the contents of your estate, instead of relying on a court-appointed executor;
- Allow your business to continue after your death with a **successor** of your choosing, thereby reducing the chance of a forced sale.

Beyond a Will

Many individuals believe a **will** is a sufficient means of estate planning. Having a will is a great first step, but it may be legally insufficient to facilitate the attainment of all your estate planning goals and objectives. A properly-implemented estate plan should include the following:

- A valid up-to-date will;
- A **durable power of attorney**;
- A **living will** or **health care proxy**;
- Instructions to your executor regarding the disposition of your assets, and any other requests;
- An **inventory** of your estate; and
- **Life insurance** to provide cash for your survivors to help fund the payment of debtors and estate taxes within the time required (usually within nine months), without forcing an executor to sell cherished family assets at 'fire sale' prices, legacies you would prefer to remain with your family.

Additionally, you may want to consider a trust, depending on the size of your estate and your particular goals. If you have a basic estate plan, then you're in better shape than most Americans.

Here are some additional estate planning considerations you may wish to review with your planning team:

Employer-Provided Benefits

Without proper planning, income and retirement benefits from your employer can significantly impact your estate plan and cost your heirs more than necessary. It is important that you review your employer-provided benefits (particularly any executive benefits) with your estate planning team, so you can take the necessary steps to mitigate the tax burden on your heirs. Some issues to examine include the following:

- **Qualified Retirement Plan Benefits.** If there is money in a qualified retirement plan when you and your spouse die, the amount of taxes owed could be high. When the funds are finally distributed to your heirs, the government could take a substantial percentage in taxes. This includes payment of federal and state income taxes, as well as estate taxes.
- **Executive Benefits.** If your employer offers special benefit plans, such as deferred compensation, there are other issues that should be considered. Under a deferred compensation plan, benefits payable to your beneficiaries are subject to federal estate and income taxation. Even if the money is paid to your spouse and escapes federal estate taxes at your death, it could inflate the value of your spouse's estate. Also, if you receive deferred compensation income in retirement, the payments can, in effect, increase your estate at a time when you may otherwise be trying to decrease its size.

Why AFCG?

Atlantic Financial Consulting Group is a collaboration of estate planning specialists working together as a team, combining their particular areas of expertise toward a common objective: to provide the experience, knowledge and compassion required to honor each individual's final wishes, an endeavor which often does not allow for any margin of error, and to provide ongoing counsel and support to their survivors in a time of sorrow and confusion.

In terms of specialization, AFCG is the only Certified Estate Planning™ firm based exclusively in the Seacoast Region of NH, ME and MA.

Clients who engage AFCG's services will receive a comprehensive review of their estate, including estate planning documents, account registrations, beneficiary designations, and an inventory of all assets and liabilities. Clients will also receive their own copy of 'The Five Wishes', an easy-to-use living will that outlines their personal, emotional, spiritual and medical wishes. In NH, this should be accompanied by state forms that we will also provide, to be completed, signed and properly witnessed. **"Because your loved ones may never get a second chance to get it right."**

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Choosing Your Estate Planning Team

Tips for Getting Started & Staying Current

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Your Team of Estate Planning Specialists

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For Business Owners

If you own a business, there will be special considerations regarding the disposition of your business interests, which raise many questions for review. Do you plan to transfer your business to someone else before or after you die? Will the new owner be a family member, an employee, or another business? How will the value of the business be determined? How will a possible purchase be funded?

Tax Considerations

While you might think that your estate's value will certainly fall below the exemption amount, remember that all property and assets will likely be included, unless otherwise provided for by a will or a trust. Each individual may only exclude assets up to the current **applicable exclusion amount** from federal estate taxes. This exemption allows for $1 million in 2011, and then applies a tax rate as high as 55%, as outlined in the chart on the following page. While a million dollars may seem like a significant threshold, the truth is that many American families will exceed this amount when all assets are considered.

Beneficiary Options

One option is to consider leaving the majority of your estate to your spouse and children. At the time of your death, your spouse is entitled to receive the entire proceeds of your estate, free of tax. However, you'll need to plan appropriately if this is your strategy, because when your spouse subsequently dies, his or her estate (the combination of both partners' assets) will be fully subject to federal estate taxes.

If your entire estate, or a portion of it, is left to your children, the applicable exclusion can apply, and that amount can be passed at death free of federal estate taxes, as long as your have not used this exemption during your lifetime. Once the value of your estate exceeds this exemption amount, the federal estate tax applies. Bear in mind that gifts to your grandchildren may be subject to the **generation-skipping transfer (GST)**. Consult a tax professional for additional guidance.

Year	Top Estate Tax Rate	Exemption Amount
2009	45%	$3.5 million
2010	repealed	N/A
2011	55%	$1 million

The Gift of Charitable Giving

One simple way to avoid paying federal estate taxes is to leave your assets, or at least some portion of your assets, to a charity. If all wealth beyond the exemption amount is left to charity, there will be no federal estate tax due.

But, there is another option you might want to consider. Estate planning is one of the few situations in life in which you can actually give something away and keep it too. This can be accomplished by using an advanced estate planning technique involving **charitable giving** and a **wealth replacement life insurance trust**. Here's an example:

Paul and Lynn – in addition to having other assets worth exactly the exemption amount – have accumulated a significant stock portfolio during their marriage, currently valued at about $2 million. Their **basis**, or the amount they have put into the purchase of the stocks, is only $200,000. If they would sell these stocks at their $2 million value, they would realize a gain of $1.8 million.

The **capital gains tax** of 15% on the $1.8 million would be $270,000, reducing their estate to about $1.73 million. This amount would then be available to generate income for Paul and Lynn.

They could, instead, use the $2 million to establish a **Charitable Remainder Trust (CRT)** that would provide Paul and Lynn with a lifetime income. At their deaths, the remainder interest would pass to the charity. They would save money by receiving a charitable deduction and removing the value of the stock from both of their estates.

To complete the cycle of giving something away *and* keeping it, Paul and Lynn could establish a Wealth Replacement Life Insurance Trust for the benefit of their children, which replaces the $2 million given to charity. The charitable income tax deduction could provide Paul and Lynn with sufficient cash to help pay the premiums necessary to sustain the life insurance.

Review Your Estate Plan Regularly

Because of its complex nature, estate planning often requires consultation with trusted professionals. Additionally, regular review of your estate plan is essential, particularly in view of potential tax reform, as well as your own changing assets and life circumstances. It may be time for a review of your estate plan when:

- Tax laws have changed;
- Change in marital status occurs;
- You've had children or grandchildren added to your family;
- Your net worth has changed significantly;
- You've moved to another state or country (tax laws differ by state, as well as outside the U.S.); and/or
- You have any circumstances requiring special consideration, such as a disabled spouse or child, or perhaps a parent who requires custodial care.

Why seek Professional Advice?

Estate planning questions abound, especially for business owners and those with substantial wealth. But even for those of more modest means, it can be a wise endeavor. Estate planning is an involved process, requiring the knowledge of experienced professionals – often, the specialties of a team of estate planning peers consisting of a Certified Estate Planner,™ an Elder Law Attorney, a Certified Public Accountant, a Corporate Trust Officer, a Certified Financial Planner, and properly licensed insurance and other credentialed professionals. The sooner you begin, the more likely you are to have a comprehensive plan that will care for you and your heirs for years to come.

www.NICEP.org

Why a Certified Estate Planner™?

A Certified Estate Planner™ (CEP®) is a financial, legal or tax professional who has earned a distinctive educational certification through the National Institute of Certified Estate Planners™.

A CEP®:

- Completed a rigorous course of instruction in the field of estate planning
- Successfully passed a comprehensive estate planning examination
- Agreed to comply with annual estate planning continuing education requirements
- Ascribes to the practical guidelines and the Code of Ethics of the NICEP™
- Has agreed to provide and lead a team of professional estate planning peers
- Will re-title assets to meet the requirements of estate planning documents
- Can act as a Trust Protector and a Distribution Agent.