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ESTATE PLANNING CONCEPTS

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Introduction to Newsletter

Welcome to the first issue of my new quarterly newsletter. I hope you find it helpful in managing your estate plan. I realize that estate planning

concepts are everywhere, and sifting through it all is very complicated. Like most of us, you may feel that the information age has succeeded in bombarding you to the point

of "overload."

Nevertheless, successful management of your estate plan today is the key to the preparation of the lifestyle your family will enjoy and endure tomorrow. I know that procrastination is the greater enemy to you than establishing a framework or plan. The elements are not complicated, but getting there is the first critical step. You can read all about the detailed specifics of estate planning but may be left wondering when and how you should use them. If so, feel free to give me a call. I would like to be of assistance in helping you join the minority who feel in control of their estate planning.

Special Alert!

Have you wanted to get long-term-care insurance but do not want to pay the high premium prices? Are you concerned about making all of those premium payments for nothing if you never need the long-term-care insurance? If the answer is yes to either of these questions, then you need to come to our workshop on a **New Kind of Long-Term-Care Insurance**. The details of the workshop are as follows:

A New Kind of Long-Term-Care Insurance Workshop

Holiday Inn Select Naperville
1801 N. Naper Blvd.
Naperville, Illinois

Tuesday, June 17 at 6:30 p.m.

Light refreshments will be served

To RSVP for this workshop,
please call Linda or Kristina at 630-665-4848.



Ask the Right Questions

When asked about estate planning, do you respond with one of the following?:

- I don't have enough assets to require an estate plan.
- My estate plan was prepared years ago, and I'm sure it is all right.
- Estate planning must be expensive.
- I know estate planning is important; I plan on looking into it sometime soon.

For many people, even those who already went through the process, estate planning is like stepping into a foreign world. Estate planning professionals talk about concepts such as living trusts, life insurance trusts, powers of attorney, gifting programs,

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Plan for the Unthinkable

We have all heard the saying that the two things that are unavoidable are death and taxes. No one likes to consider death or the loss of a spouse. However, since we know these events are inevitable, it makes sense to begin planning for the unthinkable. Following are a few files you can make to help ensure your loved ones will have as few problems to deal with as possible:

- Establish and maintain files for financial and business information. Forms to keep in these files include copies of Social Security cards, marriage certificate, children's birth certificates, wills and trusts with powers of attorney, and living will. Note that all of the above documents should be copies. Original documents should be kept in a safe deposit box. Be sure to have a trusted friend or family member as an additional signor on your safe deposit box so they are able to access the

contents if necessary.

- Establish and maintain files for investment and bank account information, including account numbers and names of contacts who can help with decision making. Many accounts may need to be altered or retitled. Life insurance information should also be kept here as well as beneficiary and payout information. List any monthly payments you may receive from these accounts. Don't forget Social Security payments, IRA required minimum distributions, and pension payments.
- Establish and maintain files for all debts, including mortgages, credit cards, auto loans, cell phone contracts, etc.

Make sure your loved ones are aware of where to locate these files. By gathering and maintaining this information now, you will make a difficult time a little easier. Those who are left handling your personal business will be grateful.

Special Trusts for a Disabled Child

Parents of a child with special medical needs face many challenges. One of the most significant is providing financial support for ongoing care after the parents' death.

One concept to consider is a trust. Whatever type of trust is chosen, it should be carefully drafted so it does not interfere with government aid. If the disabled child's interest in a trust is considered an available resource, it may put him or her over the minimum asset and/or income requirements. Avoid jeopardizing the child's basic necessities — such as food, shelter, or clothing — because those needs are generally covered through government programs. The trust fund should be used to supplement those programs.

A trust can also provide that if eligibility for assistance is cut off because the trust is considered an available resource, the trust will terminate. The assets would then be distributed to other beneficiaries. By doing this, the disabled child would have no resources and should qualify for benefits.

Parents of disabled children are naturally concerned over who will provide the "extras" not covered by government programs. The trust could be limited to being used only for extra expenses

not covered by government aid, such as recreation.

The trustee could be instructed to care for the disabled child first before making payments to other beneficiaries, or separate trusts can be set up for each beneficiary. By doing this, the trustee

pays for needed expenses out of the disabled child's trust, instead of reducing the shares of other beneficiaries.

There are no easy answers to the problem of how best to provide for a disabled child. Please call if you would like more information.

Dividing Your Estate

Parents generally want to be fair to all their children. But does that mean you should divide your estate equally among your children? There are some situations where it may make sense to distribute an estate unequally:

- If you have a special needs child unable to care for himself/herself, you may want to make extra provisions for that child to ensure that he/she will be properly cared for.
- Perhaps one child has done extremely well financially, while the others are not so well off. You may feel that you may want to distribute your estate in a different manner than equally.
- You have provided a college education for some of your children, while others are still in school. To divide your estate equally at that point may not be fair to the

children who would have to use some of their inheritance to pay for college.

- If one child remained in the family business, while siblings pursued other careers, you may feel that the child in the family business should be rewarded with a significant portion of that business.
- You may have set up conditions for obtaining distributions from a trust. In that situation, some children may end up with larger distributions than other children.

While parents want to be fair, that doesn't always mean that children should receive equal distributions. However, if you decide to make unequal distributions, it is generally a good idea to explain why. That way, you will hopefully prevent hurt feelings or disagreements among siblings.

Referrals

In reviewing the development of my clientele, I have reached the conclusion that many of you have been quietly assisting us. I know that I am just one of the many professionals to whom you entrust your well-being and am proud that my success comes from my clients and professional colleagues mentioning me to their friends and associates. I appreciate your confidence in me. You can be sure that I will demonstrate the same courtesy and integrity to your associates and friends that you have come to expect from me.



Questions

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unified credit, etc. With such an array of alternatives, is it any wonder many people are reluctant to explore the estate planning process?

Estate planning does not have to be complicated to be effective. The most important aspect of estate planning is knowing the right questions to ask. However, if you are unsure which questions to ask, how will you ever be able to determine what estate planning products will work for you? Even as you read this article, you should be able to answer some basic questions:

- How much estate tax will be due on my death?
- Which assets will be used to pay my estate taxes and which will be left for heirs?

- How much access will my heirs have to my assets after my death?
- Who will handle the administration and distribution of my assets after my death?
- Are there better ways to pursue my estate planning goals while minimizing the impact of taxes?
- How much will it cost to put an effective estate plan in place?

If you cannot answer these questions, you are not alone. Too often, this critical planning happens too late or not at all. But this also emphasizes the importance of discussing these issues with your trusted professionals. Please call if you would like to take action now to get your estate plan in order.

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