



Things Your Barber Never Told You: Planning After Retirement

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Disclaimer

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OK, you've been retired for awhile.

You've done everything we talked about earlier. You know how to plan your day. New routines are established. Now the focus can turn to **preserving what you have.**



Agenda

- Current Documents
- Estate Settlement Costs
- Estate Planning
- Ideas to Consider



Current Documents

- Will
- Trusts
- Powers of Attorney
- Medical Directives
- Living Wills
- Beneficiary Designations



Will

- Up to date?
- Proper beneficiary coordination?
 - Have circumstance changed?
 - Are all children still living?
 - Are there any special needs?
- Tax Savings Provisions?



Will

- Estate Administration
 - Who will be the Personal Representative?
 - Who are the Heirs?
 - Where are the Heirs?
 - Where is property located?
 - What are the debts?



Trusts

- Revocable Living Trusts
 - Advantages
 - Disadvantages
 - Successor Trustee



Trusts

- Irrevocable Life Insurance Trusts
 - Proper drafting is critical
 - Are Crummey notices being sent?



Other Documents

Powers-of Attorney

Medical Directives

Living Wills

- Are the provisions still current?
- Are the proper people named?



Power of Attorney

Allows someone to make (financial) decisions on behalf of one who is unable to do so.



Medical Directive

Allows someone to make (medical) decisions on behalf of one who is unable to do so.



Living Will

Allows removal or discontinuance
of any extraordinary means
to sustain life



Beneficiary Designations

Are they current?

- Death
- Divorce
- Special Needs
- Special Circumstances
- Coordinated with Other Documents



What Is Estate Planning?

Knowing Advanced Markets is like having access to a library of information.



My Definition:

Getting **my stuff** transferred...

to the people I **want** it to go to...

when I want it to go there.



Estate Settlement Costs

- Funeral Expenses
- Medical Expenses
- Property Tax
- Income Tax
- Attorney's Fees
- Accountant's Fees
- Appraiser's Fees
- Executor's Fees
- Trustee's Fees
- Probate Court Costs
- Credit Card Debt
- Outstanding Loans
- Mortgage Debt
- Monthly Bills
- Maintenance Costs
- Education Costs
- Business Expenses
- Estate/Inheritance Tax



What About Long-Term Care?

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Remember...

Long-term care insurance is an estate planning tool. As we plan for the estate, it is a great time to assess our need for long-term care and plan for the payment of those expenses. Those expenses can frustrate an otherwise sound estate plan.



Ideas to Consider

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Ideas to Consider

- Required Minimum Distributions
- Charitable Remainder Trusts
- Life Insurance Trust
- Long-Term Care Trust
- Section 1035 Exchanges



Required Minimum Distributions

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Ideas to Consider--RMD

Required Minimum Distributions (RMD)

- Applies to IRAs and Employer Plans
- Beginning at age 70 ½ (except in 2009)
- Taxable income when received
- **What Do You Use It For When You Get It?**



Ideas to Consider--RMD

RMD Example:

- IRA balance: \$150,000
- RMD (first year): \$ 6,000
- After tax (15%): \$ 5,100
- LTCi Premium: \$ 4,275*

*Assumes: Mutual Care, age 70, preferred, \$4,500/month benefit, 5 yr. Benefit period, 90 day elimination, 5% (20 yr.) inflation



Charitable Remainder Trusts



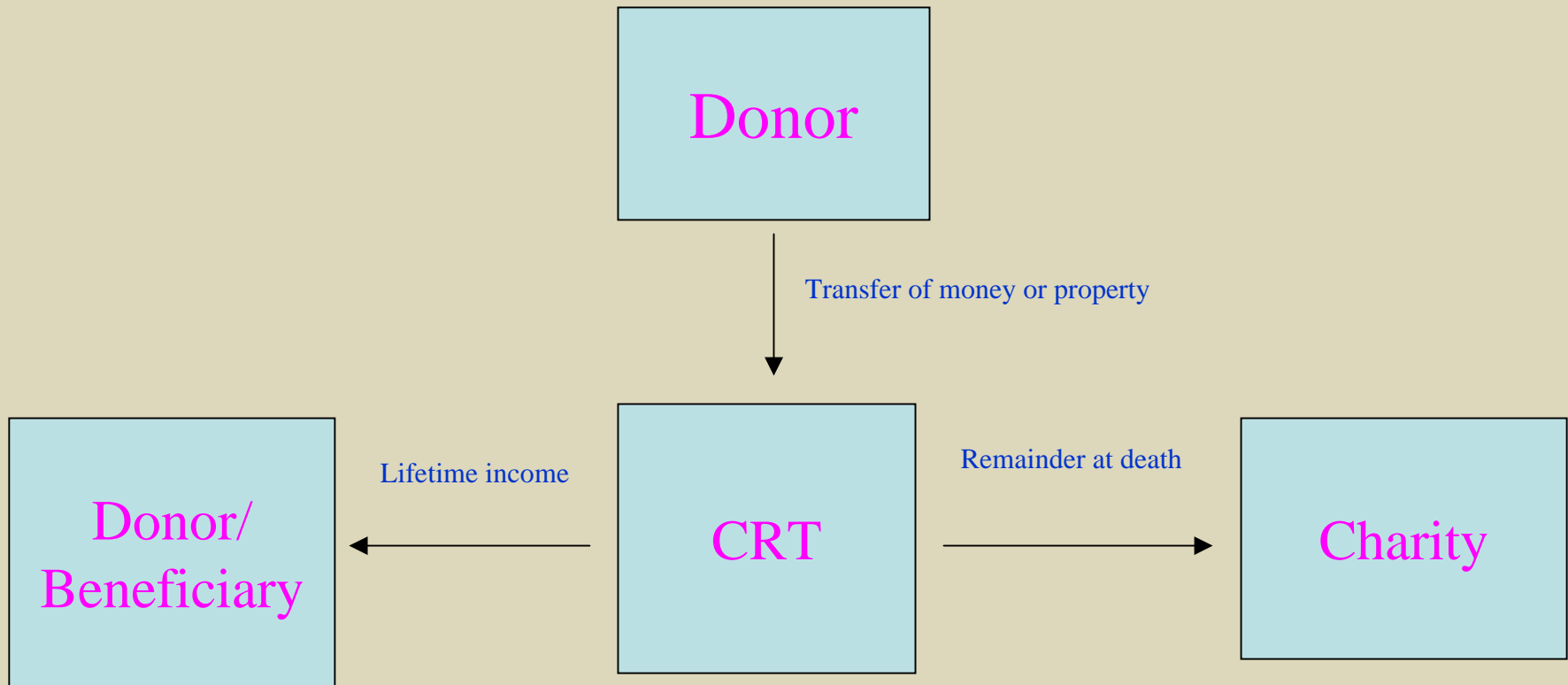
Ideas to Consider--CRT

Charitable Remainder Trust (CRT)

- Owner transfers asset to trust
- Owner receives trust income for life
- Charity receives balance
- Income and estate tax advantages
 - Charitable income tax deduction for donation
 - Lifetime income at least partially taxable
 - Asset removed from estate for tax purposes



How a CRT Works



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Ideas to Consider--CRT

CRT Income to Donor:

- What is it used for?
 - Retirement Income Supplement
 - Life Insurance
 - Long-Term Care Insurance



Life Insurance Trusts

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Ideas to Consider--Trust

Existing life insurance death benefit payable into a trust to provide for the long-term care needs of the surviving spouse, or other family member (who may be uninsurable for long-term care insurance purposes).



Ideas to Consider--Trust

Existing life insurance death benefit payable into a trust

Example:

- \$300,000 life insurance proceeds
- \$4,500 per month in care expenses
- Assumed 3% growth on proceeds
- Funds will last 6.1 years



Long-Term Care Trust

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Ideas to Consider—LTC Trust

- Client creates revocable trust.
- Trust become irrevocable upon “triggering event”.
- Trustee provides decision making authority over care decisions.
- Funding is available from trust assets or policy benefits.



Section 1035 Exchanges

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Ideas to Consider—Policy Exchange

Section 1035 Exchange into a Long-Term Care Insurance Policy (After 2009)

Existing life insurance or annuity that is no longer needed for its original purpose may now be exchanged for a long-term care insurance policy—no tax on the gain in the policy cash values.



How Do These Ideas Help?

- Preserve the Estate
- Benefit the Family
- Provide Peace of Mind
- Allow Choices



Thank You!!

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