VOLUME 4 ISSUE 1

ESTATE PLANNING & ASSET PROTECTION

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WFP
WEALTH FAMILY PROTECTION
Attorneys at Law

WHEN LEGACY MATTERS

At Wild Felice & Partners, we implement estate planning and wealth transfer techniques such as the use of Florida Revocable Trusts and Irrevocable Trusts, Family Limited Partnerships, Limited Liability Companies and other advanced estate planning tools to help our clients avoid probate and limit or eliminate estate tax burdens on family members. We realize that each client is unique and every plan is tailored accordingly to every individual need. Our firm aims to shed the tax attorney paradigm and focus instead on the dynamic relationships between our clients and their loved ones. WFP Law realizes that estate planning is truly for the loved ones that we leave behind

It's a Wild world. Are you protected?

Protecting What You Value Most Through Estate Planning and Asset Protection

PROVIDING SOLUTIONS THAT SECURE AND ENHANCE YOUR WEALTH AND YOUR LEGACY

Everyone understands the benefits of having insurance to protect your assets from unanticipated events. Hazard and casualty insurance is necessary to provide protection from the risks of fire, floods, and wind damage. Liability insurance is necessary to provide protection from the risks of auto accidents and personal injury. But what can you do to protect your assets from claims in excess of your insurance or from risks of lawsuits or from unexpected business liabilities or from an overabundance of tax consequences? Fortunately having an asset protection plan in place can help insulate you from these potentially significant risks.

We believe in providing you with effective solutions so that you can have confidence that your assets and your legacy are protected. An effective asset protection plan needs to be in place before a lawsuit or claim is made against you, and well in advance of your retirement or death, so it is important to take the step toward greater protection today.

WFP Law is a full-service, Fort Lauderdale, Florida based law firm with a specialty in asset protection. We utilize a combination of estate planning, real estate law, corporate formation, family law, and asset structuring to assure that our clients are protected from potential litigation, creditors, and any other threats that may be looming. A properly designed asset protection plan can accomplish many of your most important objectives:

- Protection of family savings and investments from lawsuits and claims.
- Protection against inadequate or unavailable insurance coverage.
- Insulation of rental properties reducing your exposure to potential lawsuits.
- Protection of business assets and accounts receivable from potential claims.
- Elimination of probate.
- Reduction of estate taxes.

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ESTATE PLANNING 101:
8 BASIC ASSET PROTECTION STEPS

Less than half of all Florida residents have an estate plan in place. Yet, the death rate in the sunshine state remains a steady 100 percent. The misconception in estate planning is that it’s about the “estate” rather than the “planning.” Estate planning is very rarely solely about the money. In actuality, it’s all about the “planning.”

As the old adage goes, if you fail to plan, you are in fact planning to fail. Following these simple 8 steps will kick-start your estate planning process.

<u>Step 1</u> - Sign a financial power of attorney.

<u>Step 2</u> – Designate a health care surrogate.

<u>Step 3</u> – Calculate your net worth

<u>Step 4</u> – Review your beneficiaries.

<u>Step 5</u> – Write a Will, or update your current one.

<u>Step 6</u> – Plan for estate taxes.

<u>Step 7</u> – Title your assets correctly.

<u>Step 8</u> - Donate money to reduce your taxes.

Every American should have an estate plan in place but the need for comprehensive estate planning is even greater when you have children.

AS THE OLD ADAGE GOES, IF YOU FAIL TO PLAN, YOU ARE IN FACT, PLANNING TO FAIL.

While these eight steps are a good start in preventing you from planning to fail in the world of asset protection, it is not enough.

Please contact the law offices of Wild, Felice, & Partners so that we can provide you with a true and complete asset protection plan so that we can work together to create a plan for our future and the financial future of your family for generations to come.

THE DOWNSIDE TO JOINT TITLE

Having your assets titled jointly at the time of your death means that the assets will pass to the person that shared title with you automatically at the time of your death. The benefit of this form of title is that the asset does not need to be probated and any dispute over the correct distribution or devise of the asset can be averted. However, the negatives of joint titling far outweigh the positives.

Owning property as joint tenants leads to the loss of certain valuable tax savings at the time of your death. Transfers to a joint tenant can be exposed to federal and state gift tax. Also, joint tenancy may not take advantage of the estate tax exemptions available to both tenants. Joint titling also forfeits any future devise of your assets. If you wished for any of your children or relatives to one day enjoy your property, they will be unable to since you retained no ownership of the property and forfeited your right to gift it to your beneficiaries after your death.

Another disadvantage to joint titling is that you might get stuck with any debt arising from the property if you are the last person standing. You become responsible for any mortgage on real property or other debt arising out of the property. Contact your attorney for more information.

PUT YOUR TRUST IN LIFE INSURANCE AND PUT YOUR LIFE INSURANCE IN A TRUST

An Irrevocable Life Insurance Trust (or "ILIT") protects your family from estate taxes upon receiving the benefits of the life insurance policy.

The proceeds received from a life insurance policy are not treated as income for income tax purposes. However, the proceeds could be subjected to estate tax. If the life insurance policy was owned by the deceased within three years of the decedent's death, the estate will be taxed on any amount of the insurance proceeds above the estate tax threshold. This could translate to a potentially hefty tax bill.

An ILIT is the solution to this tax problem. The insured can establish an ILIT by giving existing life insurance policies to the trust, or by the trust itself purchasing a new policy on the insured's life. The insurance will then be excluded from the insured's estate because the insured will no longer own the policy at the time of death.

Three requirements must be met for this to work.
1) The insured must not own or retain any incidents of ownership in the insurance.
2) The proceeds must be payable to the trust rather than the estate
3) If the policies are given by the insured to the trust, the insured must survive the gift by 3 years.

There are more benefits of an ILIT. As the grantor of the trust, you can provide instructions dictating who, at what age, and under what conditions the beneficiary can get the money. You can make sure your inheritance is not frivolously spent and you can ensure your loved ones are properly taken care of.

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DID YOU KNOW?

There are two easy ways to give gifts without incurring the gift tax:

You can take advantage of gift tax exclusions by following these two techniques to keep your gross estate below the taxable threshold amount.

1. *You can pay an unlimited amount in medical or educational expenses for another person, if you give the money directly to the institutions where the expenses were incurred*

2. *Each year, any one person is permitted to transfer $13,000 worth of cash or assets to any other individual with no tax consequences. However, any amount over this magic number, you can expect a tax bill from Uncle Sam.*

With a married couple, a spouse can give as much money as desired to the other spouse with no taxable event taking place.

A LITTLE FABLE AT THE COUNCIL TABLE

THE WILD BOAR AND THE FOX

Once upon a time in the jungle, a wild boar was whetting his tusks against the trunk of an old tree. A fox was passing by and asked him why he was doing this because there was no hunter or hound in sight. The boar responded, "That is true, but when that danger comes I shall have something else to do than to sharpen my weapon."

February is a very short month. There is no time to waste. It's important to plan ahead and well-equip yourself with a solid estate plan. Your South Florida estate planning attorney will provide you with the right tools to protect your loved ones. Don't delay… or it could be too late.

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IN THE NEXT ISSUE:

THE BENEFITS OF GIVING

Answer the call of the humanitarian within while still keeping more money in your wallet with the help of a charitable remainder trust (CRT)

THE TOP TEN ESTATE PLANNING MYTHS

Education is key. Learn about the common myths and misconceptions about estate planning and how they are dispelled.

THE BENEFITS OF SEPARATE SHARE TRUSTS

Find out how to ensure the financial security of your loved ones, especially when minor children are involved

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Michael D. Wild is a Florida attorney specializing in the areas of estate planning and asset protection. For more information on successful Florida estate planning and asset protection techniques, please contact the South Florida law firm of WFP Law at 954-944-2855 or via email at info@wfplaw.com to schedule your free consultation. **It's a Wild world. Are you protected?**