Halliday Private Trust
Integrated Trust Solutions for Clients

Trust Connection

A Monthly Report of Trust News and Information April 2017

Welcome to *Trust Connection,* our monthly newsletter highlighting Trust news and information. Each month we will feature timely articles of interest.

About Us

At Halliday Private Trust, it is our mission to assist our clients in the process of providing solutions, specifically through a wide range of financial advice.

Since 1982, we have utilized a full spectrum of financial services to help our clients navigate every major hurdle in their financial lives. Because we are an independent financial services firm, we utilize an open architecture approach to locating the most suitable investment options for our clients.

Our role is to help clients make smart decisions about their money. We understand that each client has unique needs and requires personalized solutions based on their goals, objectives and concerns.

When "Saving Money" Means Wasting Money in Estate Planning

In the area of estate planning, Do-It-Yourself (DIY) has entered into many financial services arenas with both positive and negative effects. The dramatic rise in access to information and education related to investments has enabled some who educate themselves and stay abreast of the news to do a fine job managing their own money. Yet for those who are not so inclined, it has given rise both to inaction and wrong action.

Estate planning involves a person's life savings, the most precious people in that person's world, and possibly an irrevocable decision, meaning the instructions he or she left in a valid form must be carried out. It's important to know when to seek professional help.

There are four areas where poor choices are often made in estate planning that lead to litigation: the plan, the person, the proportion, and the perception. The majority of mistakes are made in the first two areas.

The Plan

This is one of the simplest areas in estate planning; however, if the plan is handled incorrectly, it can lead to terrible results.

When DIY-ers are trying to save money, they often choose to do the plan themselves. One outcome of this is having no plan at all. "Well, I have made up my mind exactly what I want to do…" is a common phrase in the DIY category. It's critical to take action, even if it's doing something revocable. The motives of the dearly departed are not always clear. For instance, Prince, rock superstar with an estate estimated at $300 million, didn't have a will. Even a presumably qualified individual, Supreme Court Justice Warren Burger, took it upon himself to write his own will. The text of his document was painfully short and cost the estate hundreds of thousands according to Forbes.

Another mistake when an appropriate estate plan is executed is the focus on distribution at death but foregoing planning for incapacity. Sumner Redstone, who owns National Amusements, which controls Viacom and CBS, has dramatically changed his position on who should take over, yet many questioned his capacity during this period. With a reported net worth of more than $5 billion and presumably a well-planned estate plan, the period of potential incapacity could be the most change worthy.

The Person

Who is the person you choose to carry out these roles? Drafting attorney, accountant, executor, trustee, attorney-in-fact, guardian, are all critical persons in the estate plan and yet

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may be conflicted, have a damaged relationship with the decedent or other family members, or simply have no experience. Is the person handling an individual's entire life savings for those most near and dear doing so for the first, and perhaps only, time in his or her life?

In many famous cases there have been disastrous results. Michael Jackson's well-drafted and thoughtful estate plan nonetheless named his aging mother as guardian of his minor children. Accusations of kidnapping the mother, influence, and eventually her resignation from the role typifies classic errors in choice of person. DIY with family members didn't work so well for Lady Astor either. She named her only son to care for her, but at her advanced age this was a recipe for disaster, delaying the son's inheritance as well as straining the relationship with his wife. Conflicted in his role with self-enrichment, financial protection for his wife, and enjoyment of the time he had left having himself surpassed the age of 70, he ended up in jail for defrauding his ill mother out of $60 million.

Should wealthy people, who can afford the best in care and assistance from persons not conflicted in carrying out their duties, choose family anyway? Naming an independent professional enables everyone in the family to know that there is no self-interest, no conflict of interest, nor any emotional blocks to looking at the right solution.

Whether the issue is having a plan in place on a timely basis, maintained and up-to-date, properly coordinated with the asset title of the assets the client owns, and having the right person in the right role to carry out the wishes of the infirm or dearly departed and who can carry out the role without emotional or personal financial distractions, it seems estate planning and administration deserves the help of professionals.

Summary

Who will you choose to be your executor, trustee, charitable foundation director, even drafting attorney? Each of us has the ability to do so, but can we serve with knowledge, experience, independence, and objectivity? These are key issues in understanding how not to waste money by "saving money" using a DIY approach to issues, assets, and people involved in our estate plans.

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A LOCAL TRUST SOLUTION

Call us today at (800) 786-1598 to learn more about working with Halliday Private Trust.

For information and assistance, please feel free to contact one of our Trust Advisors:

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