



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.

### **Estate Planning When Estate Tax is not an Issue: Planning for Estates Under \$10 Million**

The primary focus of estate planning is often on tax-saving strategies; however, as federal estate tax laws continue to increase federal, estate, gift and generation-skipping transfer tax exemptions year after year, it is important to point out that there are many other valuable reasons why estate planning should be a priority. Below is a summary of several non-tax examples for effective estate planning.

#### *Organization after Death*

The grief following the death of a loved one is challenging enough to deal with even absent the stress and uncertainty of a disorganized estate. To minimize that stress, and to avoid any fighting that can result from it, it helps to have a solid plan in place to help guide your family in dealing with your estate. In addition to a will and revocable trust, this may include: (1) a recent list of assets and/or advisors; (2) a list of any debts; (3) a list of passwords to digital assets; and (4) instructions or memoranda regarding last wishes.

#### *Ensuring Your Wishes are Honored*

If you die intestate, meaning you do not have a valid will at the time of your death, your assets will pass to individuals based on a set of laws adopted by the state in which you are domiciled. So, you do have an “estate plan” even without a will, or will and revocable trust; it is just not a plan that you picked. Estate planning documents ensure that your assets pass to the individuals of your choosing and in the manner you prescribe.

Beyond the flow of assets, estate planning documents allow you to make decisions regarding the fiduciaries who will help manage your affairs after your death. This includes appointing someone to facilitate the administration of your estate, known as an executor, and someone to care for any minor child you may have at your death, known as a guardian. Without valid estate planning documents, the probate court becomes involved in the appointment of these individuals. At minimum, this creates added time and expense, but at worst, this process could result in the appointment of individuals whom you would not have chosen yourself.

#### *Probate Avoidance*

In many cases, proper estate planning can reduce, or even eliminate, the involvement of the probate court in the administration of a decedent’s estate. In Connecticut, there is no way to fully avoid probate (as a tax return must be filed with the probate court), but probate court oversight can be minimized by having no — or very few — assets pass through your “probate estate,” meaning the assets that pass by virtue of your will. One of the most effective ways of reducing the assets in your probate estate is to fund a revocable trust. Like a will, a revocable trust facilitates the transfer of property at death, but it does so without as much probate court oversight. In New York and California specifically, the probate process is often costly and time-consuming due to delays in the Surrogate’s Courts, and it is a public proceeding. An additional benefit to having a revocable trust is that court proceedings can be avoided when there is a change in the trustee.

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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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Beyond the initial administration of an estate, courts in many states will have ongoing jurisdiction over any trust created under a will. This jurisdiction often results in costly administrative proceedings, such as the filing of periodic probate accountings. However, this burden can be reduced by establishing continuing trusts (e.g. for a surviving spouse or descendants) under a revocable trust, over which the probate court will not have that same ongoing jurisdiction.

### *Privacy*

What comes as a surprise to many is that a will is made public upon the death of the testator. That means that the provisions of a will become part of public record, and other court filings — such as detailed lists of assets owned at death — become susceptible to inspection by the public. Estate planning prior to death can largely curtail any unwanted disclosure. Such planning may include funding a revocable trust prior to death, as mentioned above, but it can also include the use of a business entity or irrevocable trust.

### *Trust Planning*

People often discuss trust planning in terms of its tax advantages, but that is just one of its myriad benefits. Below are non-tax reasons to consider when contemplating trust planning.

*Delaying Inheritance.* There are many reasons why you may not want your children or other beneficiaries to have immediate access to your inheritance. For example, you will often want your children to get accustomed to money management before having full reign over a large amount of money. In this instance, it may be appropriate to put the inheritance in a trust that staggers distributions over certain age milestones. Without any structure, it is likely that a beneficiary would be able to gain full access to an inheritance at a young age.

*Asset Protection.* Another fear you may have is the susceptibility of your children's inheritance to the claims of creditors, such as a divorcing spouse. In this instance, a trust from which only an independent trustee can make distributions can be put in place. If administered correctly, this "asset protection trust" can help insulate an inheritance from creditors.

*Protection for Descendant.* A trust is an effective vehicle to ensure that a family's wealth can be preserved for descendants. For surviving spouses, a trust ensures that assets do not go to a new spouse but are instead preserved for the descendants of a prior marriage. Using a trust for children ensures that assets may be preserved for grandchildren and that assets will not be redirected to an in-law's family.

*Special Needs Planning.* In order to preserve the availability of government assistance for a beneficiary who has special needs, it is important to keep his or her inheritance in a specialized trust, often referred to as a supplemental or special needs trust.

*Planning for Special Assets.* Some types of assets, such as business interests, art, and real estate located outside a state of domicile, can benefit from trust or entity planning, such as a limited liability company or limited partnership. Using a trust or a business entity for ownership of special assets helps facilitate succession planning and structure and can help ensure that the family business or family vacation home stays in the family for generations.

### *Charitable Planning*

Charitable giving at death is never a self-effectuating process; it requires affirmative planning during your lifetime. If you are charitably inclined, it likely makes sense for you to seek the advice of counsel, since certain types of assets lend themselves better to charitable giving, depending on your particular circumstances and goals.

As you can see, there are many scenarios in which one should consider the use of estate planning tools, even if he or she may not benefit from tax savings. Contact your financial planner to discuss your options.

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