

AFTER YOU EARN IT... PRESERVE YOUR WEALTH

The only thing worse than not accumulating a savings is the loss of your savings. We have all experienced the bite of income taxes and heard the legend of the death tax. The emotional loss and economic loss due to a divorce is also well recognized. In addition there are several poor decisions (or indecisions or failure to act) that can create havoc for your financial affairs. These decisions include: (a) a decision to not have or sign a Will; (b) the failure to review your current estate plan; (c) the failure to complete or regularly review beneficiary designations on your retirement account and life insurance; (d) the failure to select the correct trustee for your family after your death; (e) the failure to maintain the legal existence of your business; or (f) the failure to evaluate your needs for umbrella personal liability insurance.

Income taxes are best addressed with a certified financial planner or a certified public accountant who can guide you through tax-free investments, capital gains and the lowest effective income tax rate attainable. Death taxes require planning with an estate planning attorney and may require the implementation of trusts, gifts, family limited partnerships, limited liability companies or charitable trusts. Death taxes are continuing to be impacted by changes in exemptions available for each individual under current federal estate tax law.

If you fail to sign a Will then the laws of the State of Indiana will decide what will become of your assets. If you have children and a spouse then current Indiana law will simply divide your assets among them. As your marital status changes and your children age and as the law continues to change, regular reviews of your estate plan, at least every five years, cannot be over-emphasized. Your Will does not address your retirement benefits or your life insurance so as your life situations change, the beneficiary designation on your retirement benefits (401K plan, IRA, profit sharing plan, etc..) needs to be regularly reviewed. If a trust is established for your spouse or your children and institutions change (due to merger, change in management, change in policy or practices, etc..) and individual trustees change (from death, age or disabilities or attitudes) the proper and best suited trustee of these trustee selections needs to be re-evaluated regularly.

If a corporation fails to maintain the proper actions to reflect its legal identity then the benefits of limited liability for its stockholders can fail to exist. The primary benefit from a corporation (or other limited liability entity) is the absence of any personal liability for the owners. Annual meetings and minutes, filing of annual reports with the Secretary of State, and continued identification of the proper authority in contracts and corporate documentation are a few of the important actions that are needed to continue the benefits of a corporation.

In all events your personal liability insurance can be your final defense against a lawsuit against you that could make substantial claims against your assets. Generally, you should have liability insurance coverage at least equal to the total amount of your assets.

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