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COVE FEDERAL CREDIT UNION
ESTATE PLANNING SEMINAR

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I. WHY PLAN YOUR ESTATE?

TAXATION: FEDERAL: VERY COMPLICATED ANALYSIS FEDERAL UNIFIED ESTATE AND
GIFT TAX EXEMPTION: \$5.49 MILLION
-per person

STATE: INHERITANCE AND ESTATE TAXES

TRANSFER OF ASSETS:

INTESTACY STATUTES: KENTUCKY: KRS 391.010-REAL and PERSONAL
PROPERTY (list of order of descent: spouse fourth on list)

KRS 392.020-SPOUSAL INTEREST
(1/2 realty, 1/2 personalty)

BUSINESS SUCCESSION PLANNING

LAST CHANCE TO DIRECT DISTRIBUTION: WHO GETS WHAT

II. TWO ESTATES FORMED WHEN YOU DIE:

TAXABLE ESTATE:

Survivorship property included
Joint owned property included

PROBATE ESTATE:

Survivorship property not included

Joint owned property not necessarily included

IF YOU DON' T OWN IT, IT ISN' T IN YOUR ESTATES

III. PROBATE: PLAN TO AVOID IT?

WHAT IS PROBATE: A DESCRIPTION

NOTHING TO BE CONCERNED ABOUT

EXPENSE ASSOCIATED WITH PROBATE:

Attorney' s fees- subject to court approval

Filing fees: negligible

Executor/ fiduciary fees: 5% of value of estate (most people do not take fee)

CLAIMS AGAINST ESTATE

WAIT SIX MONTHS TO DISTRIBUTE ESTATE

IV. PLANNING OF ESTATE:

BEFORE DEATH:

Power of attorney: description:

Decisions to be made

Assets to handle

Debts to address

Bills to pay

Ends on death

Selection of attorney in fact: very important

Durable

Limited

Living Will: description

Decisions to be made:

Life support

Feeding

Organ donation

Surrogate

Own directions

HIPPA Release: who can medical providers talk to?

Trusts: uses- DISCUSSED BELOW

protection of assets

remove assets from both estates

Giftng: \$14,000.00 per done per year
effect on Exemption

AFTER DEATH:

Will: description:
What can you do in a will?
Those you want to inherit
Those you want to disinherit
Pour over to trust
Executor
Guardian for children
Disinheriting someone
Payment of funeral expenses
Funeral directions: cremation, burial
Specific bequests
Residuary clause

Trust: description: trustee, ownership of assets
What can you do in a trust?

Asset protection:

KRS 386B.5-010: unless spendthrift, creditor can attach distributions
KRS 386B.5-040: 1) revocable trust assets subject to being seized by creditor of settlor if settlor is living
2) irrevocable trust assets not seizable but maximum amount distributable to settlor can be seized if settlor is living
3) revocable trust assets at death of settlor are subject to being Seized after death

Spendthrift trusts: prevents the beneficiary from encumbering his interest

Irrevocable trusts

Revocable trusts

Charitable trusts

Trust for care of animal

Q-TIP trust: grantor provides for spouse but controls how assets are distributed after spouse dies

Special Needs trust: trusts designed to insure that beneficiary will be able to continue to receive government benefits

Distribution delayed

Taxation of trusts: income

Separate "person": pays income taxes

Trustee: single or co-trustees

Corporate trustees: banks

Beneficiaries

V. SPECIFIC ASSETS:

life insurance: beneficiary, insurance trust

401(k): beneficiary

cars

real estate: survivorship

POD accounts: "Payable On Death" KRS 391.315: "... upon death any sums remaining belong to the POD payee"

checking accounts: joint/ POD

investment accounts: stocks and bonds