

Five Common Planning Mistakes Presented by Jacqui Davie

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Survey says what percentage of American adults currently have estate documents such as a Will or Trust?

42%

Source: <http://www.foxbusiness.com/features/2007/02/06/more-than-half-american-adults-dont-have-will.html>

What is
Intestacy?
Dying without
a valid Will.



What happens if you die Intestate?

- Probate court distributes decedent's property under intestate succession statutes of the state.
- Do not take into account the decedent's unique personal situation.
- Does not take into consideration family relationships.

What property does not pass by intestate succession?

- Property in a living trust.
- Life insurance proceeds.
- Funds in IRA, 401(k) or other retirement accounts.
- Payable on death accounts.
- Property owned with someone else in joint tenancy

What's the price of dying intestate?

- Spouse may not get enough.
- No consideration of special needs.
- No distribution of specific assets to specific recipients.
- Estate could shrink from fees and loss of value.
- Without heirs, the State could keep assets.



House \$300,000
Land, Checking, Equipment & Cattle ~\$453,000
Land, Checking, Equipment & Cattle ~\$807,000



House, Land, Checking, Equipment & Cattle \$830,000
House, Land, Checking, Equipment & Cattle \$830,000



Use of assets during her lifetime
Total Estate \$1,560,000







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I'll never love anyone but you.

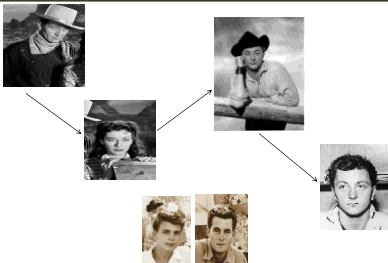
The Newlywed Game

We'll be together forever and ever.

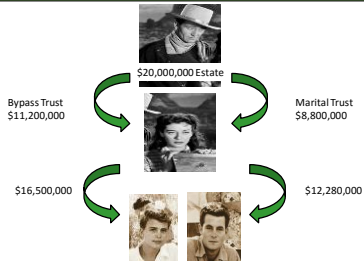
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\$20,000,000 Estate

Bypass Trust \$11,200,000

Marital Trust \$8,800,000

\$16,500,000

\$12,280,000

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I'm buying a brand new truck.



Bartender: a round for the house!!

At what age were you responsible enough to inherit millions of dollars?



For \$1,000,000

A 18

B 20

C 25

D 30



Trust Provisions:

- Specific instructions on how much and how often beneficiaries can receive distributions.
- Control can be given to a responsible family member or corporate trustee.



I'll give you \$100,000.

You want what?

What is a Buy-Sell Agreement?

A legally binding contract in which one party agrees to sell and the other party agrees to buy.

Determines:

- Who will purchase the business interest?
- What is a fair price?
- When will the sale occur?
- Where will the funds for the purchase come from?



Inherited Business Interest
\$1,750,000



Life Insurance Proceeds
\$1,500,000



The agreement should cover:

- How will valuation be determined?
- Departure with and without notice?
- What if an owner becomes disabled? Buyout?
- How will a deadlock be broken? Russian roulette?
- Sealed bid?
- Equalization provision?
- Are shares transferrable during lifetime?




But I've worked
so hard for
everything.

No FAIR!!!

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Land \$5,500,000
Equipment \$60,000
Cattle \$450,000
House \$350,000

Investments \$750,000
Life Insurance \$200,000
Personal Property \$150,000
Vehicles \$100,000

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Cattle \$225,000
Equipment \$60,000
Vehicles \$50,000
House \$350,000



Cattle \$225,000
Equipment \$60,000
Vehicles \$50,000




Investments \$375,000
Life Insurance \$200,000
Personal Property \$75,000



Investments \$375,000
Life Insurance \$200,000
Personal Property \$75,000


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Cattle \$225,000
Equipment \$60,000
Vehicles \$50,000
House \$350,000



Cattle \$225,000
Equipment \$60,000
Vehicles \$50,000



Investments \$375,000
Life Insurance \$200,000
Personal Property \$75,000



Investments \$375,000
Life Insurance \$200,000
Personal Property \$75,000


145 Acres
\$1,235,000


187 Acres
\$1,585,000

159 Acres
\$1,340,000


159 Acres
\$1,340,000


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Land \$5,500,000
Equipment \$60,000
Cattle \$450,000
Vehicles \$100,000







Investments \$750,000
Life Insurance \$200,000
Personal Property \$150,000
Vehicles \$100,000





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Land \$5,500,000
Equipment \$60,000
Cattle \$450,000
Vehicles \$100,000





Investments \$750,000
Life Insurance \$4,910,000
Personal Property \$150,000
Vehicles \$100,000





Ingalls Family Land LLC

Ingalls Family LLC



\$1,769,625



\$1,061,775



\$353,925



\$353,925



Questions?