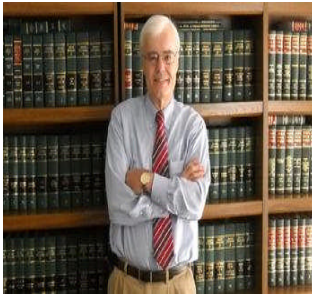


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**January 2012**  
**Client Newsletter**

**Is it Time to Update your Estate Planning?**

If you have not had your estate planning or estate planning documents reviewed or updated in quite some time, they may be out of date. We recommend a review every 2-3 years. We also caution our clients not to wait more than 3-5 years and after 5-7 years, your planning can be in serious jeopardy. This is due to changes in circumstances and changes in laws that can affect your estate planning. Many of the changes are gradual and maybe not even noticed.

The time limits can also be affected by any significant changes in your family, your health, and your family's health. With most of our clients there have also been significant changes in the values or composition of their assets,

which can also affect the need to update their planning.

Also in the last couple of years, there have been a number of changes in South Carolina and Federal Laws, many of which we have included in previous newsletters and on our website at:

[www.HiltonHeadEstatePlanning.com](http://www.HiltonHeadEstatePlanning.com).

If you want to come in for an estate planning update or a trust funding review, please let us know so that we can schedule a mutually convenient time to meet.

**Important Information**  
**Concerning the Funding**  
**of Your Trust**

For all clients for whom we prepared Revocable Trust Agreements or for whom we otherwise did estate planning work and who have such trusts, we offer a free estate planning binder with an index and tabs for copies of all of your estate planning documents, as well as other related information. We will also provide you with a free three-hole punch, if you do not already have one.

***If you already have the binder, then this is a reminder to keep it up to date as outlined herein. If for any reason you have misplaced your binder, we will be happy to provide you with another one.***

The binder helps document whether or not your trust has been fully funded and contains a helpful detailed index used for organizing your information. We recommend that in addition to photocopies of your estate planning documents, you place copies of the information in the binder for each of your assets to document whether or

**Disclaimer**

*This newsletter is intended for the exclusive use of our clients who live in South Carolina. You have received this newsletter because, according to our file, we did estate planning work for you in the past and your primary residence is in South Carolina. If this is not correct, or we have mailed this newsletter to the wrong person, or if you have hired another attorney to take care of your estate planning work, or if you have moved out of state, or if you would otherwise like to be removed from our client mailing list, please let us know so that we can take you off of our client mailing list and/or move you to the proper list.*

not the assets are properly titled in the name of the Trustee.

You start with a copy of an asset summary sheet. You should fill it out and then place it in the binder. The information should be updated yearly. You can then place a copy of your estate planning documents, your most recent bank, stock brokerage and other accounts statements in the binder, along with a copy of the deed to your house, title to your automobile(s), copies of life insurance policies and annuities with the latest beneficiary designations, as well as pension, IRA and 401(k) information, just to name a few.

You also need to include information on your homeowner's and automobile liability insurance policies showing that the Trustee is the insured. Normally you are also named individually as an additional named insured; although, some companies reverse this or name you as jointly insured, i.e. individually and as trustee. The procedure varies from company to company.

**Note that only copies of documents and not originals should be placed in the binder.** We recommend that you update all information no less often than yearly.

We also strongly recommend that you obtain written confirmation every 2-3 years from your insurance companies, stock brokers, banks, and other companies with whom you have life insurance policies, annuities, IRAs, Roth IRAs, 401(k)s, or other pension type assets, as to the exact identity of the primary and contingent beneficiaries.

We have found that who our clients believe the beneficiaries to be is often wrong when written confirmation is obtained. Unfortunately this often occurs post mortem, when there is no opportunity to fix the problem. There are a

variety of reasons why this can happen and you should not run the risk.

You should also obtain written confirmation every 2-3 years unless it is automatically provided to you on a yearly or similar basis. You should never rely on beneficiary information that is any older than 2-3 years.

We have found that clients who keep their estate planning binders up to date, at least yearly, have much smoother estate planning conferences and updates. Also, after your death or disability, the settlement of your trust and/or estate should go much more smoothly since your Personal Representative and/or Trustee will already have most of the information that is needed to get started right at their finger tips.

They can then provide any relevant information to us or any law firm that they choose to help them. This can save you, your estate, and your trust, significant legal fees by reducing the time that it takes for us or any law firm to do any needed work in settling your estate and/or trust.

We have also found that our clients' families appreciate having the binder as a road map to the administration of the estate and/or the settlement of the trust. Similar considerations apply if you ever become disabled and someone needs to take over the management of your assets.

If you do not already have one of the binders, please call and let us know and we will make arrangements so that you can pick one up from our office. We do not mail them due to the postage and handling costs, which are significant.

**There is no obligation associated with receiving the binder.** However, if desired, you can also schedule an appointment to bring in your

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documentation and we will go over the binder and the information with you to make sure that it is up to date and you understand what needs to go into it.

The binder is free and if you want to schedule a trust funding conference for us to review the information, you simply need to fill out the asset summary sheet that will be provided with the binder and place as much back up documentation as you have, or can reasonably find, into the binder and drop it off at our office no less than 2 business days prior to the conference so that we can review it.

**Please keep in mind that you can only drop off photocopies. Our staff is not allowed to accept any original documents.**

We have found that the conference goes much smoother, if we review the information prior to the conference. Otherwise, the conference will not be nearly as productive and will take more time and cost you more than might otherwise be necessary.

The trust funding pre-conference review, the conference, post conference wrap up and any additional work that you request is at our normal hourly rates. However, we will discount the rates for all trust funding work performed during January of 2012.

The discount is 15%. In order to obtain the discount, you simply need to provide a copy of this newsletter when we meet. The discount is only for the trust funding review and no other work, such as estate planning.

If you want one of the free binders or if you want to meet for a trust funding conference, please let us know. **Again, there is no obligation to set up a trust funding meeting in**

**order to receive the free binder.** The binder is our gift to all of our clients.

Also, please keep in mind that a trust funding review is not an estate planning review. These are separate and we recommend that you have one every 2-3 years.

### **Planning with Large Gifts**

There is a certain type of planning which may not affect many of our clients. However, it may affect enough of our clients so that we wanted to place the information in this newsletter.

The planning is primarily intended for those of you who have estates which may be large enough to justify significant lifetime gifts to your ultimate beneficiaries, and you have a desire to make such gifts. The gifts can be outright or in trust and can be to one or more people.

The gifts can be cash, securities, real estate or other assets, including life insurance that you do not need. Naturally, there are restrictions depending upon the type of gift and how the gifts are made.

The reason for the suggestion of significant gifts for certain clients has to do with the current and future estate and gift tax laws and the uncertainties involved. Currently, the estate and gift tax exemption is \$5,000,000 per taxpayer for 2012. With "portability", it may be as much as \$10,000,000 for a married couple.

The law will automatically revert back to the pre-Bush Tax Cuts, or what are otherwise known as the Clinton era taxes, which means the exemption will be \$1,000,000 per taxpayer, without "portability", beginning January 1, 2013, unless the House, the Senate, and the

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President can agree on a new law. The maximum estate and gift tax rates will also revert back to 55% from their current 35%.

In 2011, we had the budget, tax and spending debates. We also had the failed Super Committee that was to decide how to cut the deficit or else severe automatic cuts will take effect. In addition, there are other bills that may include tax increases. Based upon these and other factors, it is not impossible that we could have significant tax increases that become effective January 1, 2013 or sooner.

When the 2010 Tax Act was passed in December of 2010, the huge sticking point was the estate tax. The compromise was the extension of unemployment benefits, but this left open a future political issue, meaning estate taxes will have to be dealt with. The current \$5,000,000 estate tax exemption was not favored by President Obama or the majority of the House and the Senate, as they existed in December of 2010. Naturally, the 2010 election and the change in some of the House and Senate seats may also have had an affect.

Based upon the above, we are suggesting that our higher net worth clients, who have an interest, consider updating their estate planning to include large gifts as a hedge against future estate and gift tax increases.

If you want to come in for an update, please call our office to set up a time to meet. We will need an updated asset summary sheet. In addition, we will need a more detailed breakdown of your assets, with their approximate fair market values and also their tax basis for purposes of determining gains and losses.

We need this information prior to the date of your office conference. However, if you do not

have all the information, please provide us with what you do have. Due to the issues involved and work needed, if you want to come in for a conference, it will be at our normal hourly rates.

*No large gifts should be made without a meeting. This is due to technicalities related to such gifts and their impact on gift taxes, estate taxes, income taxes, and possibly even generation skipping transfer taxes. Again, if you want to meet, please let us know.*

**ANOTHER IMPORTANT REMINDER**

*Unless you have already done so, make sure that you reapply ASAP for your Homestead Exemption or 4% Assessment Ratio or both, if you placed your primary residence or any part of it into a Trust or if any other changes were made to the title in. Otherwise, the deadline will expire and you will pay substantial additional property taxes. This presupposes that you otherwise qualify for the exemption or special assessment ratio or both.*

**By Popular Demand  
We Now Take American Express, Visa,  
Master Card and Discover**

Effective January 1, 2012, we are now able to accept American Express, Visa, Master Card and Discover. We do not know how to use the system yet, but apparently we will be able to swipe your card using Smart Phones or Android Tablets or we can key it in.

At least for now, we will accept the credit cards for all services, including estate planning and probate matters. We will give it a trial and if it works, we will keep it.



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