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### **Q: Estate planning in the current economic climate?**

**A:** Since I started writing this column several months ago, I have received a significant amount of positive feedback from the readers, mostly thanking me for the information and content and some asking about specific issues in their own lives. However, many of the emails I receive concern estate planning during the current economic climate. It seems as though many of us recognize the need for an estate plan, but are scared of the potential costs involved.

Many people tend to stay focused on the idea that if their portfolios are down, or if finances are a greater concern these days, then estate planning should be one of those items to be placed on the back burner along with the house addition or foreign travel. Certainly those concerns are understandable, but certain types of estate planning are always necessary and cost effective.

For those of you who have been consistent readers of my column you will recall that often times, issues of estate planning are not voluntary and often unforeseen. Unfortunately, the state of the economy doesn't factor in when someone dies or becomes conserved, and lien holders seem to come out of every dark corner in a tight economy. In those situations, you must deal with the ramifications regardless of your wealth or lack thereof, and the costs associated with probating an estate or satisfying a lien debt don't change with the economy. As such, absent a solid estate plan, you will still be heavily burdened, financially.

There are other considerations as well, such as taxation and the gross value of the taxable estate. Right now most people are comforted by the thought that their estates fall below the current Federal estate tax exclusion of \$5.45 million. However, tax laws change and exemptions get lost in tough economic times. Many attorneys in my line of work agree that at some point, taxation must play a part in this economic recovery. To that end, there is a general consensus that tax exemptions for greater wealth will be the first to dissipate, prior to any higher tax levy imposed.

So what do you do? How do you plan your estate? The first thing to do is consider what you already have and whether it is enough to get you through. Many of the estate plans I have discussed in the past are not as expensive as you might ordinarily think.

When compared to what you could lose financially, the failure to act on even the most basic estate plan will cost you more in the long term. In fact, some of the



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financial pains experienced in the current financial crisis are the result of either a nonexistent or mismanaged estate plan.

Right now, if you are married, own a home, have children, and earn a moderate income, there are certain items you must have. First, you need to have a Will which provides for the guardianship of your minor children and a Trustee for any assets that would go to them upon your death. If you are self employed, or own a company in a partnership, you should set up an LLC and have it, rather than you own your company. With these two simple items, you're already in a better position and ahead of the game.

These basic steps won't break the bank and they assure the protection that quite frankly, no one should ever be without. If you have a larger estate, and you have already prepared your Will and formed your business, then I suggest you perform an asset analysis to determine the need for protection against the potential loss of the estate tax exemption.

Finally, if you have a loved one who is aging and you are concerned about how to handle their affairs and ultimately, their estate, you should at the very least prepare a Power of Attorney and an asset determination. This simple step will provide a tremendous benefit.

Unfortunately, in a financial crisis, immediate concerns can make us lose sight of the bigger picture. However, the basic estate planning steps outlined above won't break the bank and in the long run, will be seen as money well spent.

**Anthony J. Medico, Esq.**, has practiced law for over 22 years. To ask a question for this column, or to receive Medico's free Estate Planning Survival Guide, visit his website at [www.medicoandassociates.com](http://www.medicoandassociates.com), send an e-mail to [Amedico@medicoandassociates.com](mailto:Amedico@medicoandassociates.com) or call (203) 661-8151. You can read most of his previous columns on his Greenwich Time estate planning blog on the internet. Just go to <http://www.greenwichtime.com/blogs> and scroll down until you find him under the business section. Enjoy.