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Two Family Estate Plans: Which Plan Do You Want for Your Family? Part 2 of 2

In Part 1, (printed on April 7th) you may recall that I outlined the fictitious estate of Henry & Nancy Adrift. They had a poor estate plan which was never updated and as a result, their estate suffered tremendously. Below is a better way to structure your estate for maximum return and protection for your family.

Joe and Rose Smarthinker: A Custom Estate Plan That Works…

Joe **Smarthinker** was a good businessman. Many would call him an outstanding businessman. Part of his knowledge and experience included knowing the best ways to protect, preserve, and transfer his wealth to his family. Here's how he did it.

Joe and Rose were concerned about four major attacks on the Smarthinker wealth: lawsuits, divorce, non-descendants, and estate taxes. In addition, they wanted to keep their personal affairs private and protect the family's wealth from errors in judgment.

As a result, Joe and Rose never gave or left anything outright to their children or free from a trust. And to make their children judgment proof, they gave and left their wealth in separate share trusts. As each child reached a designated age, he or she could serve as co-trustee over his or her own respective share. When the child reached an older age, each child could choose his or her own co-trustees to serve with him or her.

Here are examples of how this asset protection plan safeguarded the Smarthinker's wealth.

Joe and Rose set up their Asset Protection Trusts so assets held in trust could not end up in the hands of ex-sons-in-law or ex-daughters-in-law. When their son and daughter–in-law divorced, the daughter-in-law did not get any of the Smarthinker wealth that was held in trust for Their son.

Joe and Rose set up their Asset Protection Trusts so assets held in trust could not go to anyone who is not a direct Smarthinker descendant. Under ordinary circumstances, if a Smarthinker child was the first person to die in his or her marriage, the surviving spouse would receive part of the Smarthinker wealth. Then that spouse could remarry and leave the Smarthinker wealth to a new spouse. By keeping the wealth in specialized Trusts, they guaranteed that their money

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stayed in the hands of direct blood descendants.

Joe and Rose set up their Trusts so they would remain private by avoiding probate. Without Living Trusts, their estates and their children's estates would go through probate, which would expose their personal finances to public scrutiny. While their deaths were public matters, their estates were completely private.

Joe Smarthinker knew that all people make mistakes, especially young people, due to their lack of experience. So he set up Living Trusts for his children and chose experienced money managers and trustees. This reduced the possibility for financial losses due to bad judgment.

Most of us don't have the assets or money that the Smarthinkers have. But you and the Smarthinkers do have something in common: You can protect your assets -- preserve your estate -- transfer property to your heirs -- and maintain a high level of financial privacy using the same sophisticated methods they use. Best of all, these estate planning and tools are available to you for a small fraction of what the cost would be to your estate if you fail to think ahead and consider utilizing these basic estate planning tools.

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, send an e-mail to 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.*