HELP CLIENTS AVOID *POST MORTEM* ESTATE PLANNING WHILE GENERATING *NEW* INSURANCE & ANNUITY SALES

Life's grand finale is death. Yet the financial affairs of your clients go on in the form of the assets accumulated during their lifetimes. At issue is the dramatic conflict between tax, estate and probate laws and how they wish to pass along their assets.

At death, a snapshot of your client's assets and their legal methods of transfer is taken by probate court and the various federal and state tax agencies. This snapshot becomes frozen in time. The key failure regarding estate distribution planning is that it normally occurs after death; post-mortem. All the "skeletons" come out of the closet without your clients having the ability to defend their assets or their families. With proper planning while living, however, the excessive time and dollars and grief involved can be minimized.

Your clients will never see their estate's Federal Estate Tax Return, Form 706. But, it may become a devastating document. Its dollar requirements, with estate tax marginal brackets ranging from 37% to 55%, may force liquidation of valued assets.

The following are frequently occuring estate distribution pitfalls which you can turn into relationship building and ***new*** life insurance, long term care and annuity selling opportunities:

- Lack of liquidity to pay estate taxes, forcing the unplanned and forced sale of assets.
- Improper life insurance plan design, making life insurance a liability not an asset, by:
    - Allowing life insurance to increase the value of the estate and, therefore, estate taxes through "incidence of ownership" and, in corporate tax environments, non-operating asset rules.
    - Failure to abide by transfer for value rules, making death proceeds income taxable.
    - Improperly income tax deducting premiums while living, making death proceeds income taxable.
- Lack of proper trust and will design.
- No coordination of asset titling.
- Improper use of the unified credit and unlimited marital deduction tools.
- Not using the vast array of other available estate design tools.
- Allowing asset growth to distort the value which the IRS places on estate assets.
- Failure to peg and to freeze asset value.
- Failure to shift asset ownership to others.
- Allowing assets to move through the "non-tax cost exposure" of probate.
- Allowing others to control client assets and, therefore, the financial affairs of loved ones.
- Providing public access to financial affairs through probate court dockets.

Here are ten basic estate planning steps you can use to help clients in dealing more effectively with their estates:

1. Discuss the five main categories of assets and their basic methods of transfer in coordination with the client's needs, concerns and objectives:

I.	**PERSONAL ASSETS**	**WILL/TRUST**
II.	**STOCKS, BONDS & REAL ESTATE**	**TITLING**
III.	**TAX-QUALIFED PLANS**	**IRS/DOL DISTRIBUITONS RULES**
IV.	**INSURANCE**	**BENEFICIARY & OWNERSHIP DESIGNATION**
V.	**BUSINESS**	**BUSINESS AGREEMENTS/WILL**

2. Cover the "planning team" and the fees; both while living and at death.
3. Gather the facts and existing documents.
4. Deal with the tough valuation issues.
5. Assess liquidity needs while cutting away "boilerplate" planning solutions.
6. Determine whether or not pre-death transfers are objectionable.
7. Raise the "spouse" issues.
8. Discuss kids and grandkids.
9. Respect and coordinate with the other elements of the financial planning arena:
   Income Taxation   Investment Planning   Cash Managemnent
   Retirement Planning   Planned Giving   Risk Manangement   Asset Protection
10. Deal effectively with the "financial blindspots" often overlooked by other advisors.

In summary, reacting to death, after death, is an expensive proposition. Taxes, inflation and probate can devour huge chunks of what your clients spent their lifetimes building. Human nature motivates your clients avoid thinking about death, let alone planning for it. However, proper planning through trained, experienced and dedicated advisors like you can provide your clients with "psychic income" and "peace of mind" – the psychic payback of knowing that the goals and objectives your clients worked so hard to achieve during their lives will continue after they are gone.

Motivating your clients to take positive, intelligent action now, will cut-away excessive amounts of time and dollars and grief for their families later, while enhancing your relationship with them; **elevating your "level of value" in their eyes as a financial solutions provider . . . motivating them to give you more of their business.**

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