

Planning Your Estate Is Like Planning A Summer Barbecue

By Gary Altman

Summer has started, enjoying warm-weather activities, including backyard barbecues with friends and family. Although a cookout may be informal, planning is crucial to its success. Planning is critical to any successful endeavor and is valid for estate planning. Preparations are necessary for a successful cookout; the food, the condiments, the sides, and a little planning go a long way to prevent a poorly designed estate plan (or no estate plan at all!) from leaving you and your loved ones in a pickle.

Step 1. The menu: what do you own?

When you plan a barbecue, one of the first steps is to decide what foods to include on the menu. If you buy burgers and hot dogs but need to remember the buns, the menu will lack an essential part, and the party may be ruined. Likewise, in creating your estate plan, one of the first steps to ensure your goals are met is to consider what you own. It is unlikely to meet your goals if you omit essential property or accounts from your estate plan.

As estate planning attorneys, we provide a checklist to help you think through what you own so your property is included in your plan. For example, you will be asked to list real and personal property and all your bank and other accounts and to note whether you own them individually or jointly with your spouse or another person. Filling out this inventory will help you evaluate everything you own holistically and determine how you want to distribute it when you pass away or if you would like to make gifts during your lifetime. It will also enable us to suggest estate planning strategies that will provide for your loved ones and achieve any other goals you may have, such as reducing taxes. At Altman & Associates, we send you a client questionnaire before your confirmed appointment. While it can be overwhelming, we ask our clients and prospects to complete the forms as best they can.

Step 2. The invitations: Who are your beneficiaries?

The next step in planning your cookout is determining who you want to invite. Likewise, when creating your estate plan, you must decide whom you would like to be your beneficiaries—the individuals who will inherit your money and property when you pass away or whom you would like to benefit from during your lifetime. You may think this is simple and will not require much thought, but there is more involved in creating this list than you may think. Your beneficiaries may include your spouse or partner, children and stepchildren, grandchildren, other relatives, friends, charitable organizations, and your church.

In determining your beneficiaries, consider whether all your children need an inheritance or if one of them, such as a disabled child, has a greater need. If a child is addicted to drugs, you may decide not to provide them an inheritance and instead create a trust designed to prevent the child from spending their inheritance to support their habit. As attorneys can help you consider whom you would like to receive your money and property and discuss the best strategies for your beneficiaries while achieving other goals, such as reducing gift and estate taxes or providing grandchildren incentives to go to college or start a new business.

Step 3. Serving sizes: how much does each person get?

When you plan a barbecue, you need to calculate how much food each person will consume. Your six-foot-tall adult son will likely eat more than your two-year-old granddaughter. In estate planning, your first instinct may be to give each beneficiary an equal share of your money and property. However, as with a cookout, you give beneficiaries a more significant share and others a smaller share. Suppose you have a child with special needs who cannot support themselves. There, create a special needs trust to provide for them and a trust to inherit for your other financially independent children.

Depending on what you own, it may also be essential to give certain accounts or property to

Annapolis, MD
839 Bestgate Road,
Suite 400
Annapolis, MD 21401

Rockville, MD
11300 Rockville Pike,
Suite 708
Rockville, MD 20852

Washington, D.C.
Suite 500
1050 Connecticut Ave NW,
Washington, DC 20036

Northern VA
8000 Towers Crescent Drive.
13th Floor
Vienna, VA 222182

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Continued

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one beneficiary and other accounts or property to other beneficiaries. For example, suppose you have a family home, real estate, or business where only one child is engaged. Splitting ownership among multiple siblings may set them up for disagreements and strain or destroy relationships. To avoid family fights after you pass away, consider giving hard-to-divide property to one child and money (accounts or insurance proceeds) to others. You could instruct in your will or trust that the hard-to-divide property be sold, and the proceeds divided equally among the siblings.

Step 4. Extra touches: give letters and personal property to loved ones.

Adding extra touches such as umbrellas, tablecloths, or strings of lights to make your barbecue a special occasion, you can include special documents in your estate plan, such as letters to loved ones to articulate your feelings for them and leave a final blessing when you pass away. A will or trust document may otherwise seem impersonal, even if you intend for the gifts you make in them to be a demonstration of your love for your family. Leaving a letter to your loved ones expressing your feelings and hopes for them may be one of the most precious gifts you can give. At Altman & Associates, many clients leave a cherish letter to children.

You may also use a special memorandum, typically called a personal property memorandum, to indicate to whom you would like to receive your tangible personal property, such as heirlooms, collectibles, or items of sentimental value (not real property or intangible property such as accounts). You can use this memorandum to express those items given to certain family members or ensure that everyone receives something meaningful to them. A personal property memorandum that clearly describes each item listed and who should receive it can also help avoid fights among family members over significant items. To ensure the personal property memorandum is effective and legally enforceable, reference it in your will or trust and include any formalities specified by state law.

Lettuce help you plan: call us so we can ketchup!

You may be worried that you will be grilled when you come for an estate planning consultation, but we promise you will be glad you came. Anyone who has outgrown their salad days knows that failure to plan leads to less-than-optimal outcomes. Call us today at [301-468-3220](tel:301-468-3220) to spill the beans about your estate planning goals, and we will help you create an estate plan that will satisfy your craving to provide a secure future for yourself and your family.

Annapolis, MD
839 Bestgate Road,
Suite 400
Annapolis, MD 21401

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11300 Rockville Pike,
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Rockville, MD 20852

Washington, D.C.
Suite 500
1050 Connecticut Ave NW,
Washington, DC 20036

Northern VA
8000 Towers Crescent Drive.
13th Floor
Vienna, VA 222182

Gary Altman, Esq. is the Estate Planning Partner of Altman & Associates, A Division of Frost Law serving MD, DC, VA, NY and FL. Gary can be reached at 301-468-3220 or via e-mail at Gary.Altman@frostdtaxlaw.com.

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