



Planning Pieces

Greetings

Welcome to the first edition of *Planning Pieces*, a quarterly newsletter from my desk to yours. You are receiving this newsletter because you are a client or friend, but should you wish not to receive future newsletters, please reply to this email with “unsubscribe” in the subject line. We will promptly honor your request.

With the formalities now aside, let me briefly explain the reasons for this newsletter. At the beginning of each year, I try to take time to make a professional resolution. One goal at a time, those bits and pieces have added depth and dimension to my practice. This year, the resolution is this newsletter, which I envision adding yet another valuable element to my practice of law.

There exists a tremendous amount of ongoing discussion in the legal arena about how to harness electronic communication for the benefit of our clients and our practices. I think folks generally agree that technology can be capitalized upon if used appropriately, so the question then becomes how to best utilize it for a given practice area. It is my hope that this estate planning newsletter will effectively employ technology to serve my clients and foster our relationships.

One primary advantage of a newsletter to an attorney like me is that it allows me to extend my period of communication with clients. That is, when clients come in to the office to update their wills or trusts, we generally accomplish that task

over a period of a few months. Once the documents are executed and any follow-up work is completed, our relationship turns idle until another change or revision is needed. Sometimes, that idle period spans several years. During that time, multiple changes in the law and practice may take place that could cause clients to rethink their plans – if only they had known. My goal for this newsletter is to provide core information you need in a concise format that will enable you to make educated planning decisions, or, at the very least, will provide you some tidbit to share around the water cooler. I wish you all the best in 2009.

Inside this issue:

Greetings	1
Death and Taxes	1
Back to the Basics	2
In the Numbers	2
Good To Know	2

Special points of interest:

- Welcome to the first issue of *Planning Pieces*
- Should you wish not to receive this publication, please send me an e-mail with “unsubscribe” in the subject line
- Note the increase in federal estate tax exemption amount

Death and Taxes

With a new year, comes new numbers . . . sometimes. Please note what has changed (and what hasn't) for tax matters for 2009:

<u>Topic</u>	<u>2008 Value</u>	<u>2009 Value</u>
<i>Federal estate tax exemption amount</i>	\$2,000,000	\$3,500,000
<i>Illinois estate tax exemption amount</i>	\$2,000,000	\$2,000,000
<i>Annual gift tax exclusion amount</i>	\$12,000	\$13,000
<i>Lifetime gift tax exemption amount</i>	\$1,000,000	\$1,000,000
<i>Maximum special-use reduction amount</i>	\$960,000	\$1,000,000

Of significance is the increase in the federal estate tax exemption amount but the freeze on the Illinois estate tax exemption amount, meaning that although some clients will be saved from having to pay federal estate taxes, some Illinois estate tax may still be due.



Back to Basics



I frequently have clients call and tell me that they need “a living will.” After some discussion, I finally understand that what they really mean is that they need a last will and testament. The use of the term “will” in both names has caused several clients confusion. Perhaps these definitions will prove helpful:

- **Will.** A written document that governs the distribution of property owned in your sole name

at death. It must meet certain legal requirements to be valid. It is common to include a provision for guardianship of minor children in the Will.

- **Living Will.** A written declaration stating that in the event you have a terminal health condition (that is, your death is imminent except for death-delaying procedures), you do not wish for your life to be arti-

cially prolonged. This document is very different from a Will and only governs the use of life support.

These documents are both commonly prepared as part of a core estate plan that also includes powers of attorney for property and health care.



In the Numbers

Most of you know by now that the FDIC coverage for bank accounts was increased from \$100,000 to \$250,000 on a temporary basis. The IRS recently announced that the increased coverage will extend through 2009. For a single-owner account, the coverage is then \$250,000, but you should know that the coverage amount is based more on the number of account owners and less on the account itself. For a joint account, the coverage is \$250,000 per owner; for trust accounts, \$250,000 per beneficiary, subject to certain criteria.



“Effective estate planning relies on equal doses of compassion and knowledge of the law”

Good to Know

A bill becomes law. Effective January 1, 2009, the Illinois Vehicle Code (625 ILCS 5/3-104) is amended to require that the Secretary of State allow on a vehicle certificate of title a space for designation of a beneficiary to whom the vehicle should pass in the event of the death of the owner(s). For you, this means the ability to pass your vehicle a) outside of the probate process; and b) other than by the terms of your will or trust.

And while we’re on the topic of vehicles. Also effective January 1, the standard

mileage rates for the use of a car, van, pickup or panel truck will be:

- 55 cents per mile for business miles drive
- 24 cents per mile for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

And speaking of charitable organizations...the Emergency Economic Stabilization Act of 2008, signed into law on October 4, 2008 extended the charitable IRA

“rollover” for seniors of up to \$100,000 through 2009, allowing those ages 70½ or older to transfer up to \$100,000 from an IRA to charity without paying any federal income tax. While there is no additional charitable deduction available, the mechanism does allow individuals to take advantage of income tax savings not otherwise an option and I am hearing pleas from all of our local charities about the increased need for private gifts in light of the poor economy and the questionable status of state-funded programs.