Top 10 Estate and Business Planning Tips

These top 10 recommendations will help you whether you are just starting your estate planning, or have had a plan for years you need to review and update.

Tip #1. *Have an estate plan.* The most common estate planning mistake is not having an estate plan. Unfortunately, no one can escape death, but thoughtful planning for what may occur after your death is one of the most important things you can do to ensure your personal and financial affairs will be handled properly when the inevitable occurs.

Tip # 2. *Name successor agents, proxies, executors and trustees in estate planning documents.* It is important to name successor agents in the estate planning documents that take effect during life, such as a power of attorney, healthcare proxy and lifetime trusts, as well as the documents that take effect at death, including a last will and testament and testamentary trusts. Successors allow for continued viability of the granted powers, even after the death or incapacity of the primary agent, executor, trustee, etc.

Tip # 3. *Update your will.* Many changes can take place within a family or business structure, such as births, deaths, divorces and new property acquisitions. Therefore, to ensure the assets you leave behind are given to those you intend, it is wise to perform a periodic update of your will when these changes take place.

Tip # 4. *Have a plan for disability*. Dying is not the only reason to have an estate plan in place; therefore it may be necessary to create a directive to physicians and to appoint a financial and medical power of attorney to act on your behalf if you're unable to do for yourself.

Tip # 5. *Have adequate beneficiary designations for retirement plans and IRAs that coordinate with the rest of the estate plan (aka "have all your ducks in a row")*. As part of the estate planning process, you must review all beneficiary designation forms for life insurance policies, annuity arrangements, retirement plans (including IRAs), etc. The planner will need to coordinate beneficiary designations with the balance of the estate plan, including will and trust provisions, marital provisions, credit shelter provisions and trusts for children or disabled heirs.

Tip # 5. *Properly structure a business venture to protect personal assets from business creditors.* A business owner can distance himself or herself personally from business risks by forming the proper business entity under which to operate the business. Included among the various entity options for business owners are sole proprietorships, partnerships, corporations and limited liability companies (LLC). In addition, estate planning needs to be integrated with asset protection planning, including the transfer of interests to heirs.

Tip # 6. *Hold regular shareholder/member/partner and board of director meetings for a business entity, prepare written minutes based on each meeting to include in the entity's records and observe other formalities to assure that the entity is respected for all purposes*. A "corporate veil" is terminology used to explain the layer of protection that separates the individuals involved in the business from the entity itself. The courts can "pierce the corporate (or business) veil" and hold the business owner personally liable for failure to conduct the business properly.

Tip # 7*. Plan for family business succession.* In order to avoid this mistake, a family member's desire to participate in the family business should be evaluated. When planning for business succession, a client should consider types of entities that lend themselves to transfers of entity interests to family members with little or no loss of management or control to the patriarch.

Tip # 8*. Consider the income tax ramifications of each personal, investment or business decision; and take advantage of all available deductions, credits and opportunities.* There are two concepts that tax practitioners can take to the bank: Every investment or business decision a client makes has income tax implications and the tax laws will change every year. Failing to consider income tax issues and be aware of changing tax laws can result in an additional significant cost to a decision or transaction.

Tip # 9*. Incorporate trusts adequately for asset protection purposes (i.e., inability, disability, creditors and predators of beneficiaries) in the estate plan.* One major benefit of having a trust is the asset protection it provides. Predator deterrence can be needed on account of future ex-spouses, in-laws, outlaws and others who may notice that an heir is now worth millions. Third-party inter vivos trusts (i.e., not self-settled) and testamentary trusts are excellent asset-protection devices.

Tip # 10. *Consider the options available to finance long-term care needs*. The older one is, the less likely he or she will be able to live independently. Absent advanced planning, an individual's personal financial resources will be the source of payment for most, if not all, long-term care costs.

For more information, please visit covenant.org/foundation or contact Duane Dube or any Trustee; Elizabeth Christian, Everard Davenport, Dianne Erlewine, Larry Faulkner, JoAnne McIntosh, Megan Poore and Tana Taylor

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One generation will commend your works to another… Psalm 145:4