

7 Secrets to Michigan Estate Planning.



Introduction

Probate. Incapacity. The Death Tax. Capital Gains. Joint Tenancy. Beneficiary Designations. Living Wills. Powers of Attorney. Confused? You're not alone. These are issues that confound the best of us.

In plain English, here are 7 secrets we believe every family in Michigan can benefit from. So let's get started.



1. Use a Trust Based Plan

Most people are shocked to find out that probate is required if you leave a will.

Probate is a time-consuming and costly process.

A living trust avoids probate, giving your family, not the courts, the legal authority to settle your affairs.

This reason alone should cause most people to consider a trust. But trusts offer a series of other benefits, especially for people in Michigan.

Trusts are private, easy to change, and they protect assets in a variety of unforeseen circumstances.

2. Make Sure Your Plan is Funded

A trust or any type of estate plan has little value if the things you own are not titled correctly.

We call this process “funding” the plan. It involves deeds, titling and updating the beneficiary designations to various accounts, insurance and investments.

A good law firm does this for you as part of the preparation of a solid estate plan.



3. Connect your Retirement Accounts

It used to be that a family's largest asset was their house. Now, retirement accounts that are self-managed often exceed the value of your real estate. But what happens when you die with that money? Is a simple beneficiary designation enough? What about taxes under the new law that began in 2020 requiring no longer than a 10-year distribution?

These are all great questions, and emphasize the need to be sure your IRAs and similar tax deferred assets are carefully planned for.

4. Protect Your Children's Inheritance

Leaving your assets to your children without restriction can cause more harm than good. Divorce, lavish spending, or bad investment choices are just a few of the ways this can happen.

A good estate plan allows you to provide for your children's education and savings, and protects your children and grandchildren from their inheritance until their old enough to appreciate it, and use it wisely.

It also can allow them to title the money they receive from your estate in a way that keeps it protected.

5. Preserve Family Real Estate

Michigan is unique in that 1 in 3 families own recreational property - or what we like to call Up North. The thing is that Up North property used to be inexpensive to obtain and to keep. That isn't the case anymore.

In many families, determining a way to keep a family cottage can cause all kinds of issues between siblings.

An estate plan that includes a Cabin Trust can be a solution.



6. Build a Professional Team

Smart people know that in this day and age, you need the best legal, tax, and financial advice, and that needs to be coordinated into one plan.

The secret here is to seek out professionals who are enthusiastic about working with one another across disciplines. A strong team of professionals working together will provide you with the best possible benefits.

Every family needs a good estate planning attorney, financial planner, and tax advisor just as much as they need a good family doctor, optometrist, and dentist.

The difference is that the dentist may never need to speak with the optometrist - but the lawyer, accountant & planner need to work together for your best interests.

7. Update Periodically

Ok, you've gone to the time and expense to create a great estate plan. Now what?

Your estate plan needs to be reviewed by you at least once each year. I suggest you do this each April when you sign your tax return. Look at the plan, the people you have chosen to help out if you can't - and especially the things you own and how they are connected to your plan.

You'd be surprised how many great plans end up requiring probate because the family sold a house and bought a new one that wasn't in the trust.

Every 3-5 years, sit down with your estate planning attorney and review that plan as well.

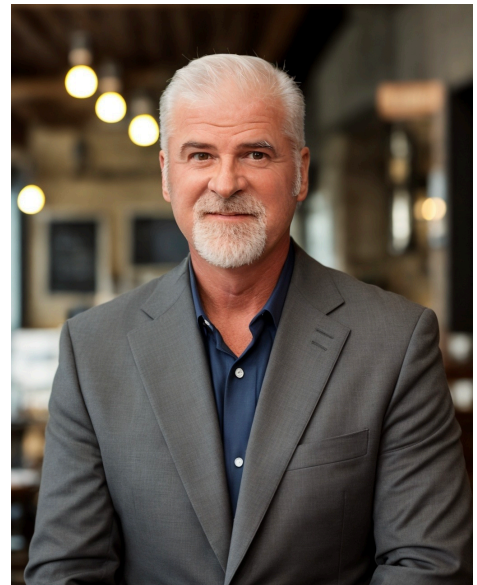
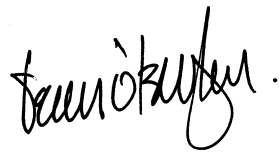
Your family will appreciate what you have done to protect them.

Closing Thoughts

There you have it - 7 secrets to a good estate plan here in Michigan.

You have taken an important first step by reading this and seeking a better understanding of estates. Now, consider taking the next step and sitting down with a good, capable attorney.

We each have an obligation to be good stewards for the benefit of our loved ones. We work hard for decades to earn what we have. Taking a few simple steps can ensure those things are protected well into the future.



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