2013 Year End

Tax Planning Tips

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Estate Planning Tips

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Give yourself a raise and cut your 2013 tax bill.

- Avoid Taxes on IRA distributions.
- Take the required minimum distribution if you are 70 ½.
- Pre-pay medical bills.
- Pre-pay state estimated taxes.
- Consider charitable IRA rollovers for your contributions.
- Invest in municipal bonds.
- Maximize you 401(k), IRA and SEP Plan contributions.
- Take advantage of the zero percent tax on capital gains.
- Consider converting your IRA and/or 401(k) into a ROTH IRA.
- Pay child-care bills with pre-tax dollars.
- Keep a record of job-hunting expenses.
- Keep track of the cost of moving to a new job.
- Keep track of what you spend while doing charitable work.
- Pay back a 401(k) loan before leaving your job.
- Install alternative energy equipment.
- Take advantage of the $500 tax credit for energy savings.
- Consider gifting appreciated stocks or mutual fund shares.
- Use Coverdell education accounts to pay for school tuition.
- Use a Roth IRA to save for college.
- Use Savings Bonds to pay for college.
- Fund a Roth IRA for your child or grandchild.
- Use a Roth IRA to save for your first home.
- Undo a Roth conversion gone bad.
- Use a tax-free exchange to acquire new property.

Estate Planning With A Will

By making a Will, you can decide exactly who gets which assets and how much. You will also help avoid unnecessary arguments amongst family members or relatives that can arise when a deceased person's wishes are unclear.

By making a Will, you can ensure that the desired recipients of your assets gain access to them far more quickly than if there is no Will in place. This means that they have immidiate access to any money that you have left them to pay expenses such as funeral arrangements, without having to use their own money.

What is probate?

The word probate derives from Latin word “probare”, meaning “to prove”. A surrogate court looks at the Will and it determines its validity. A probate interprets the instructions of the deceased, decides the executor as the personal representative of the estate, and adjudicates the interests of heirs and other parties who may have claims against the estate. It is the legal process of administering the estate of a deceased person by resolving all claims and distributing the deceased person's property under the valid will.

What Are Probate Assets?

Probate assets are those assets owned in your name that do not have a named beneficiary upon your death such as:

- Bank and investments accounts.
- Insurance proceeds where there was no beneficiary named.
- IRAs and retirement accounts where there was no beneficiary named.
- Real Estate titled in your name alone.

What Are Non-Probate Assets?

- Assets held in a revocable trust.
- Life insurance where there was a beneficiary named.
- IRAs and other retirement plans with a named beneficiary.
- Assets held in joint tenancy.
- Bank accounts payable on death.

Planning With A Trust

What Is A Trust?

A trust is a fiduciary arrangement that allows a trustee to hold assets on behalf of beneficiaries. It is an arrangement through which you give property to the Trust and the trustee will manage and use the trust assets for the benefit of whomever you named. It can be arranged in many ways and can specify exactly how and when the assets pass to the beneficiaries.

Since Trusts usually avoid probate, your beneficiaries may gain access to these assets more quickly than they might to assets that are transferred using a Will. Assets in a trust may also be able to pass outside of probate, saving time, court fees, and potentially reducing estate taxes as well.

Revocable Trust - A revocable trust may be amended or changed by you at any time, provided you are not mentally incapacitated. Revocable trusts are becoming increasingly common in the US as a substitute for a Will to minimize administrative costs associated with probate and to provide centralized administration of a person's final affairs after death.

Irrevocable Trust - Generally an irrevocable trust may not be changed by the trustee or the beneficiaries of the trust.

Testamentary Trust - A Testamentary Trust is a trust created in an individual's Will. Because a will can become effective only upon death, a testamentary trust is generally created at or following the date of your death.

Revocable Living (Inter-Vivos) Trust - This type of trust is a complete will substitute. With this trust you can manage your assets during your lifetime and upon your death the assets pass to the beneficiaries. As the names implies you may change the terms of the trust at any time. Anyone could be the trustee. You can name a successor trustee who will be able to manage and distribute your assets after your death. The successor trustee can also manage the assets if you become disabled and cannot manage your own assets.