

When was the last time you reviewed your estate plan? Ten years ago? Five years ago? Last year? Never? If your plan was set up years ago and your answer is “never,” it’s definitely time to review the provisions you have made for handling your estate and providing for your family after you die.

Even if your plan was recently drafted, revisions may be appropriate due to the massive changes to the estate and gift tax laws made in 2011. These may not only affect the tax consequences of your estate plan, but they may significantly impact the manner in which your estate is divided among your beneficiaries. And if you do not have an estate plan, there is no time like the present to create one.

By definition, your estate is your property or possessions. Your house, car, securities, business interests, cash, retirement plan benefits – anything you own that can produce income or that can be converted into cash – make up your estate. Most well-thought-out estate plans make certain allowances for potential changes in economic or family circumstances. But, unless you have a foolproof method for seeing into the future, you cannot predict all the possible changes that might affect your financial situation and estate plan. A periodic review of your estate plan is essential if you want it to continue to meet your needs.

Below we have listed some of the events that might trigger a review of your long-term financial and estate plans. Check any items that apply and consider the possible effects on your estate plan.

Consider the effect these items have on your current income tax and financial planning as well. Planning for the distribution of your estate property is only one aspect of estate planning. Equally important is planning for the accumulation, conservation, and enjoyment of your income and property during your lifetime.

### **Personal Changes**

- You have recently married or divorced.
- You have sold or purchased a home.
- You recently paid off your mortgage.

- You have moved to a new state.
- The state you have moved to, or from, is a community property state.
- Your spouse or another close family member has died.
- You or a close family member have become disabled.
- Your spouse has returned to work or has stopped working.
- A new child or grandchild has been added to your family.
- You wish to build an income-tax-free college fund for children or grandchildren.
- A child or grandchild has just married or obtained a divorce.
- You have started an Individual Retirement Account (IRA) or a Keogh (H.R. 10) account to provide for your retirement.
- You are approaching age 70 and must begin qualified retirement plan withdrawals.
- You have acquired new assets of significant value.
- You have purchased business-related or agricultural real estate.
- You recently purchased joint tenancy property
- You or your spouse have inherited valuable property or received a substantial gift.
- Someone in your immediate family has been named the beneficiary of a trust.
- You have made significant gifts to family members or charity, or you are considering making such gifts.
- Your securities have experienced significant gains or losses.

- You want to set up trusts for your children or grandchildren.
  - You have changed or desire to change the beneficiaries in your will or trust agreements.
  - Someone has set up a trust for your children and named you or your spouse as trustee.
  - The executor, trustee, or guardian named in your will or trust has died, or you wish to make a change.
  - You have not reviewed your estate or financial plan for the effects of the 2011 Tax Act changes.
  - You have changed the provisions for distributing pension or profit-sharing benefits.
  - You have recently purchased life insurance.
  - You are considering bequests to one or more charities.
  - You want to protect assets transferred to your family or other beneficiaries from the claims of their current or future creditors.
- ### **Business Changes**
- You have changed jobs or careers.
  - You or your spouse have retired.
  - You have formed a new business.
  - You have business interests or real estate that can continue to be managed by heirs.
  - You have liquidated your corporation.
  - A company officer or other key employee has died or become disabled.
  - You have elected or terminated S corporation status for your business.
  - You lack an updated buy-sell agreement that provides for the sale of your business interest when you die or if you become disabled.

## 2011 Tax Act Changes

The estate and gift tax exemptions have been increased to over \$5 million per taxpayer. A married couple can now exempt close to \$11 million of assets from federal estate and gift taxes.

The rates quickly escalate to 40%.

The concept of “portability” has been introduced into the federal estate and gift tax law, where the unused portion of one spouse’s exemption can be used by the other spouse.

For married couples, it is important that assets are owned properly so as to fully utilize the available exemptions of the spouses.

For those with smaller estates, a simple will format may be appropriate.

## Coordinating Your Plan

Estate planning may require the help of several advisors such as your attorney, your insurance agent, and your banker. As your accounting resource, we can help coordinate your planning by reviewing your plan with you and suggesting modifications that may be necessary to reflect changes in your personal or business financial situation as well as tax strategies that may be appropriate to your circumstances.

We invite you to talk with us about any estate planning concerns you may have. We also welcome questions concerning recent tax law changes and the effects those changes may have on your estate. Just give us a call at your convenience.

This summary involves sophisticated tax-planning concepts. Before applying anything in it to your personal or business situation, you should contact us. The general tax information in this publication may or may not be appropriate for you, and we will be able to advise you in the context of your specific circumstances.

Established in 1970, Nisivoccia LLP is a full service accounting, auditing and advisory firm. Our years of experience coupled with our specializations enable us to fully understand our client’s needs and provide the most beneficial solutions and advice.

Nisivoccia LLP offers a complete set of services that span all business applications and industries.

Nisivoccia LLP is an independent member of BKR International. Through affiliation with BKR, Nisivoccia LLP is able to serve clients worldwide.

To learn more visit:  
[www.nisivoccia.com](http://www.nisivoccia.com)



200 Valley Road, Suite 300 • Mt. Arlington, NJ 07856  
973.328.1825 / Fax: 973.328.0507

11 Lawrence Road • Newton, NJ 07860  
973.383.6699 / Fax: 973.383.6555

[www.nisivoccia.com](http://www.nisivoccia.com)

# E STATE P LANNING C HECKLIST

Law revisions and family and business changes require planning!

