



Trust and Estate Planning News and Updates

The Good News, Updates, and Important Information From Your Friends at **Unruh, Turner, Burke & Frees.**

utbf.com/trust-estate

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Avoid Trouble With the IRS and Your Estate Plan: End of Year Issues, Answers to Your Questions, and Action Items To Keep Life Simple | By: David M. Frees, III

There's a lot to do between now and December 31 and a few things are required to stay out of trouble with estate taxes, your will, and trust planning. In this end of year checklist we'll remind you of a few that might apply and let you know the pitfalls and traps to avoid.



Did you make any gifts in 2016? First, you need to know that anything you give to children and grandchildren "for less than fair market value" constitutes a gift. So, "helping out" with a down payment on a home - that's a gift (unless you make it a loan and document that and even then there are rules about how much interest must be paid). Paying college tuition. Be careful here because you can pay it to the college or school but if you pay it to the child or parent then you're limited to \$14,000 per year.

More examples? Did you give any interest in your home, or other real estate to a child or grandchild? That was probably a gift. And, if you made a gift and it was for more than \$14,000 per recipient then you must file a 709 gift tax return even though no tax is due.

If you made a gift of a hard to value asset like real estate or company stock and/or you made a gift of more than \$14,000 you must file a return. More on this in future article. You can make gifts of over \$14K, BUT you will file a 709 and use some of your lifetime credit to shelter them from tax now. What's the "bottom line"?

Please go to Page 3 for the continuation of this article and review the enclosed insert for much more information.

FALL 2016

Secrets and Info Inside This Issue

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Don't miss the IRA Trust quiz in this edition's insert!

Everyday Life Hacks & Cheats | Do you need a few easy tips to instantly declutter your home?

Kitchen: Open your kitchen cabinets, do you see a cabinet full of plastic cups and mix and match containers? These are easy to donate or discard, after all, how many cups do you need?!

Linen closet: Look through your linens and toss anything with holes or tears, and only keep what you would feel comfortable with a guest using and get rid of the rest. Donate them to your local pet shelter or rescue group.

Junk drawer (we all have one or more): No one needs a drawer full of pens, pencils and other writing implements. Keep a few of your favorites and donate the rest to your local school. Those extra random cords and cables that belong to devices you might no longer own should be matched up with their devices, recycled or donated. Get rid of those expired coupons by recycling them along with your newspapers.

Inside your refrigerator: Throw away all the random condiment packets that you've saved from take-out orders.

Want more help? See page 4 for even more tips!

Better Cheat Day Options - Enjoy! There is a way to indulge your cravings by aiming for moderation and mindfulness. Here are a few go-to alternatives for when you're craving something extra sweet or salty, but don't want to overdo it.

INSTEAD OF: French Toast OPT FOR: Whole-grain pancakes – Top with part-skim ricotta and berry preserves

INSTEAD OF: Chinese takeout OPT FOR: Homemade fried rice – You will add less oil and more veggies, and use brown rice instead of white

INSTEAD OF: Ice cream OPT FOR: Gelato – It's made with more milk than cream. Choose simple flavors without added chocolate or nuts to save more calories

INSTEAD OF: Store bought mac and cheese OPT FOR: Home-made mac and cheese. Use a whole-grain pasta and sharp cheddar cheese for great flavor

INSTEAD OF: Chocolate cupcake OPT FOR: Chocolate chunk banana bread – Use banana and the dark chocolate as the sweetener

ANNOUNCEMENTS!

Upgraded Website: We hope that you find the improvements both visually appealing and that navigating around to find useful information is easier – www.paestateplanners.com.

Office Space: Our West Chester office completed renovations this fall. There are now even more conference rooms to accommodate your needs. We worked with Fresh Artists, a non-profit program that promotes art programs in low income schools, to decorate the new space and benefit art programs in severely under-funded public schools. To find out more specifics, visit: www.freshartists.org.



Ross Unruh and Denise Werkley (of UTBF) and Jim Pinheiro, (a Fresh Artists board member) with a painting acquired from the program.

IRS Scam Reminder | In a recent press release, the IRS reminded tax payers that any request to settle a tax bill by putting money on any form of gift card is a clear indication of a scam. The IRS will never demand immediate payment over the phone, or call (without first having mailed a bill), or threaten to bring in local law enforcement to arrest you!

If you get a phone call from someone claiming to be from the IRS asking for money, don't give out any information. Hang up immediately, then contact the IRS to report the call by phone at 1-800-366-4484.

You can also file a report using the IRS Impersonation Scam Reporting webpage: www.treasury.gov/tigta/contact_report_scam.shtml

Also report the scam call to the Federal Trade Commission at www.ftccomplaintassistant.gov

Are Vitamin D Supplements Helpful? | Adequate levels of vitamin D are needed for muscle strength and balance. In a study of 68 homebound people over the age of 65, Denise Houston, PhD, RD, found that the group given the monthly vitamin D supplement fell about half as often as the placebo group over a five-month period.

Other studies show that low levels of vitamin D are often traced back to cardiovascular disease and skin and other types of cancer.

The next time you are in for a checkup, don't be surprised if your doctor would like to check your vitamin D level to be sure you are getting enough of this important vitamin.

End of Year (Con't from Page 1)

Here's the **BOTTOM LINE**:

* If you're not sure about your 2016 gifting and whether or not you need to file a return then call us for a brief review. The 2016 gift tax returns are due by April 15 of 2017 unless they are put on extension.

* You still have time, but if you're going to make a gift in 2016 make sure that the check is **CASHED** before December 31.

* **DANGER!!!!** If you may face nursing home care within the next five years and you don't have long term care, **BE EXTREMELY CAUTIOUS** and check with one of our elder law attorneys before making any gifts. These gifts might, if not done properly, disqualify you from Medicaid.

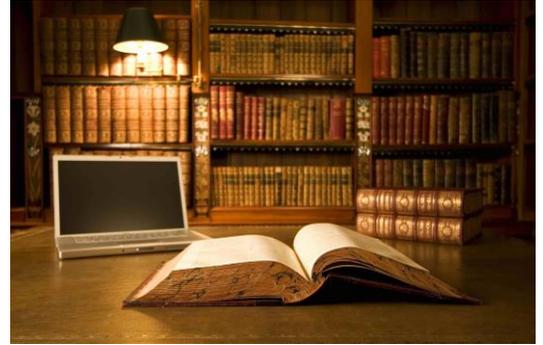
Questions? Call Lisa or Tammy at 610-933-8069 for an appointment or for a quick telephone call about your end of year gifts if they are over \$14,000 OR include a home, real estate or a business interest.

2. Are you a trustee of any type of trust? **If so, you'll want to read the complete article on this topic in this edition's insert!**

TRUSTEE MANUAL

If you are a trustee or have named a trustee and want to pre-order our "Trustee Manual" for yourself or your heirs, please give Lisa or Tammy a call at 610-933-8069.

This manual (which is over 170 pages long) is a step-by-step set of instructions for you as a trustee or for your heirs and the trustees under your will or living trust. It's a great resource, and when it's published in early 2017 it will be substantially discounted for our clients.



SPOTLIGHT ON DAVID FREES | National Boss's Day was Oct 17th, David - here's a salute to you! We hope you enjoy these pictures of David and family through the years!



Robb & David Frees



Robin & David Frees (circa 1980)



1983! A man and his dog!



David and family in Aussie (2004)



David and family (2016)



Now: JRT's and chickens

Tips (con't from page 1)

Outside your refrigerator: It's time to review your magnets on the fridge. Record phone number information and throw out magnets. You will find that your kitchen will feel less cluttered!

Magazines: If magazines are stacking up, it might be time to digitize the article or recipe you are saving and recycle or donate the magazines.

CD collection: Why not digitize the music so you can easily access it from multiple devices? What to do with the CDs? Search on-line for do it yourself ideas!

Outdated documents: Most of us use some sort of filing system for important papers, but there are few documents you need to keep more than seven years. Check with your accountant if you are not sure about something. Shred the ones you no longer need and sign up for online statements.

Estate planning documents: Please retain your original estate planning documents in a fireproof safe or in a safe deposit box at the bank. These documents include your will, power of attorney and living will. When you update your will, be sure to return the old one to your attorney and mark it as revoked only after you have signed your updated will.

Coming Soon in UTBF News & Updates

- More on why you might need an IRA trust
- Family meetings
- Upcoming Trustee Manual

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FACEBOOK REMINDER:

Please go to
facebook.com/UTBFTrustEstates and like
our page. You will find recently posted
recipes and updates.

Avoid Trouble With the IRS and Your Estate Plan: End of Year Issues, Answers to Your Questions, and Action Items To Keep Life Simple

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2. Are you a trustee of a trust that earned income or received funds during the year? Are you the trustee of your own revocable trust (in Pennsylvania you might have one if you're a surviving spouse, you own real estate in another state, or you are elderly and planning for your children to handle your financial affairs)? If so, this is probably what's called a grantor trust. The income and interest it earns are reported under your own Social Security number and there is no need to file a separate return.

However, if you are the trustee of an irrevocable trust or a trust under a will (also called a testamentary trust) then you probably have to file a separate income tax return for that trust. If you are a trustee, this is a reminder to check with your lawyer and/or accountant to make sure that it is properly reporting income and that you are filing a 1041 and PA41.

Are you the trustee of a life insurance trust (also called an ILIT (Irrevocable Life Insurance Trust)? If you are, you may or may not have to file those income tax returns but you might also have to send a "Crummey Letter." The need for this and the specifics are beyond the scope of this article, but be sure to send those notices anytime premiums for the life insurance policy are added to the trust. And, if the person has died and the proceeds of the policy have been added to the trust you probably need to be filing income tax return.

BOTTOM LINE: If you have a revocable trust of your own the income from that goes on your personal return. If you have any kind of Irrevocable trust you probably need to file a separate return. Check with your accountant BEFORE the end of the year in case you need to take action.

**Worried About Divorce and Lawsuits Taking Your IRA Away From Your Heirs?
Well They Are Not for Everyone BUT You Might Need an IRA Inheritance Trust(R)**

Take This Quick and Easy QUIZ To Find Out

Ever since the U.S. Supreme Court eliminated creditor and lawsuit protection for inherited IRAs, more and more of our clients have been more worried about protecting these very valuable assets for their spouse, children and grandchildren's retirement.

And, while many clients think that their IRAs will be depleted after they start taking required distributions at 70 1/2, we have found that in many cases these assets continue to grow in value and can be protected as a retirement asset for the next generation.

Because the economy has made retirement savings more and more difficult for our heirs, keeping our IRAs intact and protected has become even more important. But these trusts do cost money to set up - even though there are no other costs when either spouse is alive. So, it's important to see if you really need one.

Answer the few questions below and you'll know right away.

1) Do You (and/or your spouse) have one or more IRAs, 401(k)s or other retirement plans such as a 403(b)? If yes, then this might be for you. Keep going.

2) Does the value of these accounts (with one or both spouses' account values added together) exceed \$500,000 dollars? If yes, the IRA trust might be very important to protecting your heirs and be worth the costs. Keep going.

3) If you have more than two children does the value of the IRA assets exceed \$250,000 dollars per child? Again, if it does, many people would carefully consider an IRA trust. If not, this might not be necessary.

4) Was your last estate planning review done before 2014? If it was, then your lawyers probably did not review the Clarke Estate case with you and an IRA trust might be important to you.

5) Would you like to do any of the following:

- * protect your children/heirs from losing the value of the retirement accounts in a divorce?
- * protect your children/heirs from losing the value of the retirement accounts in a lawsuit?
- * protect the accounts (unless needed) for you heir's retirement?
- * to allow your children/heirs to protect these assets for another generation when that makes sense?
- * to prevent your heirs from accidentally triggering the highest tax possible on the accounts?

If you answered yes to one or more of these then you would likely both want and benefit from creating an IRA trust for your heirs. If you answered yes to at least three of the above, then an IRA trust is probably a pressing need for you.

For more information about the benefits of IRA Inheritance Trusts call for an appointment to review your planning and/or documents. For existing clients of the firm that consultation is complimentary, although charges may apply if you decide to update your planning or to give your heirs the benefit of an IRA Inheritance Trust.

ACTION ITEM/TO DO: If your IRA exceeds \$500k dollars and you took the quiz above call Lisa or Tammy for a complimentary estate planning and IRA Inheritance Trust review at 610-933-8069.

There are many more things we know that you have to do before the new year but we hope that this was a helpful reminder. Enjoy the coming holiday season and look for our holiday recipes on our Facebook page