



TRUST AND ESTATE PLANNING NEWS

The Good News, Bad News, and Important Information
From Your Friends At Unruh, Turner, Burke & Frees

SPRING 2014

In This Issue

Part Two: Will This New Law Impact Your Estate Planning?

By David M. Frees, III, JD and Douglas L. Kaune, JD |

In [part one of this article](#) we announced a new Pennsylvania law that allows certain family businesses to pass by will (and not by trust) and without paying Pennsylvania Inheritance Tax.



We reviewed the new law, what it required, and how it might be used. However, there are some important strategies that can make this law much more valuable to family business owners and can result in death tax savings of hundreds of thousands of dollars...or even more by using this exemption from tax. We have created a system to adapt and update your wills to take advantage of it.

Strategy #1 – In Trust or Not In Trust. Since the law does not allow transfers of business interests IN TRUST, to qualify, most lawyers will tell you that you have to decide right now whether to get the tax saving OR to get the asset and divorce protection of a trust. But by using our system and approach, you can allow your heirs to decide at the time of your death which is more important: 1) the tax savings or 2) the creditor protection of a trust.

But, that planning must be done in advance, so that they can have this choice. And, it allows them to do that after your death when they can best assess the situation. Furthermore, if one of your heirs values asset protection and protection from divorce and another prefers the tax savings, they can each choose a different path.

So, with our QFOB Protection Process™ you can do a will or trust now and leave that decision to each recipient later.

Strategy #2 Create Qualified Businesses So now that we know a couple of these important aspects of the new law, let's look at some of the strategies for really using this and leveraging this to the max. First of all, one of the most important things that leaps out is there is that there are no limits on how many qualified business interests you might have. Thus, if you have a business worth more than 5 million dollars it can be, and in many cases should be divided into separate businesses so you could create multiple 5 million dollar exemptions.

This requires some advanced planning. Therefore, if you have a single family business entity that owns a piece of real estate or a family business that could be divided you should absolutely discuss with us whether or not that should happen.

Strategy #3 Book Value Not FMV Next, and this is vitally important, this law provides that the valuation of the 5 million dollar threshold is done based on book value and not fair market value.

This gives you massive business leverage.

For example, if you own a piece of real estate that's currently worth 8 million dollars but it's been depreciated and your business has a very low book value you might be able to transfer an asset worth 8 million dollars by separating it into two assets or businesses worth 4 million dollars each to qualified transferees with no Pennsylvania inheritance tax even though it is worth much, much more than the 5 million dollars. Furthermore, by dividing family-owned businesses into multiple interests each of which meet these qualifications you might be able to leverage this over and over again to shelter businesses which are each worth less than 5 million dollars.

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Page 2. What Is The 6 Word Question That Works Miracles?

From Our Website

Can you protect assets your heirs inherit from divorce claims? <http://bit.ly/1e1Fgva>

Correction from last edition:
Doug Kaune's son was born
10.23 2013 not 10.23 2014

Family Communications By: David M. Frees, III | What does your lawyer know about family communications, overcoming objections and helping to build better relationships with children (even teens & adult children) and grandchildren? Well, Steve Forbes, Editor-In-Chief of Forbes Media called Dave “A Grand Master” of family communications skills when he reviewed Dave’s Book.

One of Dave’s most popular techniques is called “The 6 Word Question”. To learn the technique [click here](#) (or type in your browser: <http://bit.ly/1bGiFKk>) and then enjoy the video.

More from Dave on communications skills: When we ask children (whether they're young or adult children) to do something that we know is good for them and they refuse, it's often because they are afraid or anxious about it or they believe that they cannot do it. When a young child says “No, I can't”, supportive parts very often say "Yes you can!" or "Why not?" Both responses are problematic from the standpoint of being more persuasive and influential on the child's thinking.

Asking "Why not?" makes the child think through all the reasons that they believe that they can't do it. It reinforces that negative belief. Saying "Yes you can!" seems supportive but it's really argumentation.

They say they can't but you say they can. This is like starting a negotiation on a point of disagreement rather than building rapport and understanding.

So what's a parent to do? Watch Dave's video for the full story! Click here or type: <http://bit.ly/1bGiFKk>

If you enjoyed this article, please call Lisa to let her know you’d like more like this one!

If you are one of the first 5 clients to call her, you will receive a complimentary copy of David Frees’ book, [The Language of Parenting: Building Great Family Relationships at All Ages.](#)

Need apps and online programs for an elderly friend or loved one? UTBF's Douglas Kaune just published a great resource on our PA Elder Law Solutions website: <http://bit.ly/1gXedVo>

Brown Bag Popcorn and Toppings | Popcorn has some serious healthy-snack credentials: it’s a low calorie whole grain and a good source of fiber. Don’t drown it in butter and salt, here’s an easy way to make more wholesome flavored popcorn.

Do it your usual way or microwave. Place 2 tbsp of popcorn kernels in a paper lunch bag, fold the top down twice to close, and microwave until popping slows almost to a stop, 2 to 3 minutes. Here are some quick and easy to make seasoning blends to punch up the flavor. Drizzle popcorn with 1 tsp olive oil, then toss on one of these tasty blends:

Mexican Chocolate: 1 tbsp cocoa powder, 2 tsp confectioners’ sugar, 1/8 tsp cinnamon, 1/8 tsp coarse salt.

Cheesy Garlic: 1 tbsp grated parmesan, 1/4 tsp coarse salt, 1/4 tsp dried thyme, 1/4 tsp garlic powder.

Spicy Citrus: 1 tsp chili powder, 1 tsp orange zest, 1/2 tsp lime zest, 1/4 tsp coarse salt, 1/4 tsp dark-brown sugar.



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Contact Lisa for answer key or hints, 610-933.8069!

Continued from Page 1. When you divide businesses into separate entities you might also get some litigation and law suit protection during your lifetime as well. How? Well, if all of your business activities are under one umbrella, then a law suit against that company or entity could get at all of your assets. But if your business activities are under separate entities, each is protected from the liability against the other.

So how do you go about doing this and what are the pros and cons? Well the pros are obvious. You could save 4.5% to 15% percent of the fair market value of the business depending on whether or not it is being transferred to children, or more distant relatives.

The cons are that this doesn't work for trust transfers, there are significant costs to doing it (although the savings should be much much larger than the costs) and there are some restrictions – so this is not for everyone.

SO WHAT'S THE BOTTOM LINE? You need to determine: **1)** Do you have a family business that qualifies or could be made to qualify? **2)** If you don't have a family business, are you engaged in activities that could be converted into a qualified family business that would qualify? **3)** You need to decide if an existing family business or a reconstituted family business should be divided into multiple businesses so you could transfer multiple businesses each of which has a book value of less than 5 million dollars. This would be important if the book value of your business exceeds 5 million dollars.

To find out more, please go to <http://bit.ly/1bJehdK> to read the full article.

Please call 1-888-808-5464 to schedule a Family Business Estate Planning Consult. While there is no charge or obligation to proceed after the call, the fees for the process can range from as little as \$2,700 dollars up to \$10,000. But, you'll never spend that money unless this planning makes sense FOR YOU. For those clients and business owners who ARE planning to leave a business to a child or other family member, this could be a huge return on investment of your time and the costs involved. If you decide to proceed with the planning following our call, you'll be set up with an appointment to finish the planning and an appointment to execute any documents that are required to make your new plan a reality. **Thank you for taking the time to read this article and to learn more about this astonishing new opportunity. Please watch our video report on this topic as well at: <http://goo.gl/EHunAm>.**

Please remember, that the information in this article is subject to change and is not provided to you as legal advice but only as an alert to get legal advice from your legal and tax advisers based on your particular circumstances.

STAFF SPOTLIGHT



Denise Fox, Paralegal | For the past twelve years, Denise has assisted our estate planning and estate administration attorneys in preparing probate, trust and estate planning documents. She is always concerned with your best interest and has worked with clients performing in the role of executor or trustee during the estate administration process. She prides herself on working with clients to ensure that their requests are managed and met. She brings a keen attention to detail and multitasking skills to her work. Prior to joining UTBF as a paralegal, she worked 15 years as a Legal Assistant in two local firms.

What does Denise love most about her job? “I love making a connection with clients and feeling (most times) that I'm truly helping someone. I really enjoy my job and the interaction with a great legal team.”

Where can you find Denise after work? Denise is usually spending time with her family at home. They enjoy camping and going to the beach in New Jersey. She can't wait for the summer to arrive!

Denise and husband Rich have been happily married for 15 years. Denise is looking forward to the wedding of her 22 year old daughter Erika (who also interned at UTBF for several summers while in college). She is also proud of her son Richard, who is already 14!

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Is Your Brain in Top Condition? Like any other part of your body, your brain needs exercise to stay healthy. Although physical exercise can encourage the growth of new brain cells, mental exercises will also help your mind stay sharp.

- **Mix up your routine.** When you take the same route to work every day, or even fix the same sandwich for your lunch, your mind stops stretching itself. Look for different activities that force you to think actively about what you're doing.
- **Stay mentally active.** Crossword puzzles, Sudoku (see Page 2), and other games can keep your mind in shape. Try taking a class, learning a new language, or join a book club (check your local library for one, or start a club in your neighborhood).
- **Reduce your stress.** Easier said than done for many of us, but meditation, yoga, and getting plenty of sleep can relieve pressure that interferes with the ability to form fresh memories.
- **Socialize.** Don't let yourself get isolated. Talking to people and making new friends will stimulate your brain and give you more opportunities to learn and grow.
- **Test yourself.** Make up a few simple mental exercises. For example, try to identify the coins in your pocket, or the keys you carry, by touch instead of sight.

More Exclusive Content for our Clients: (Either type in the url or click on it if you are viewing this on line!)

NEED TO KNOW WHO TO MAKE A TRUSTEE? The pros and cons of banks and individuals? Who should take care of inherited money for your heirs? This quick article by UTBF's Whitney O'Reilly spills the beans...

<http://bit.ly/1hqr3jA>

NEW EDITION! Enhanced Estate Planning Guide - Get our JUST UPDATED version by David Frees to discover planning options for estates of all sizes. Discover what works and what doesn't. All the benefits of the new federal law and how they apply to you are revealed. <http://bit.ly/1fbwShz>

NEXT STEPS: Want to know what happens when you finally get your planning done? What to do and where to store your documents? Find out if you did the right thing, watch our video at www.UTBFFollowUpInstructions.com.



Offices of UTBF Attorney David M. Frees, III, Douglas L. Kaune, and Whitney O'Reilly
Please call 888-605-6482 and mention you read the "UTBF NEWSLETTER", we are
happy to assist you with any questions concerning your estate planning.