



In This Issue

Page 1. Family Business Owner? New Law/ System Saves Tens to Hundreds of Thousands of Dollars

Page 3. Oops! 5 Common Mistakes Made on Websites

Page 4. Holiday Gift Buying Secrets & Guide: Be A Holiday Hero!

Page 4. Automatically Boost Creativity with these 6 secrets!

Lunch and Learn
See Page 4 for our new 2014 program for your staff or clients on new PA law and family businesses.

Do You Or Your Clients Own A Family Business? What You Need To Know About a New Pennsylvania Law

By David M. Frees, III, JD and Douglas L. Kaune, JD | **Would You Like To Help Your Client Keep Their Businesses While They're Alive, Pass It To Their Family Members Under A Will, And Save Tens To Hundreds Of Thousands Of Dollars In Pennsylvania Inheritance Tax?**

If so, then this article will give you the secrets and many of the details of the new law, and how to help your clients to take advantage of it. **PART ONE OF TWO**



PA ELIMINATES INHERITANCE TAX ON MANY FAMILY BUSINESSES:

If you haven't heard about this new law, you're not alone. Of the few people that know about this important law change, most have not created systems to allow you to understand the new law and to use it in your favor. We have developed these systems and will share them with you in this article. We also have a full video report on the law and how to use it at <http://goo.gl/EHunAm>. The benefits of this new law are not automatic. You need to understand this law and then you need to decide if the amazing new benefits are important to you or the families you advise. If they are, then you need to have a process for determining exactly what (if anything) needs to be done to the business structure to make it qualify for inheritance tax free treatment. Anyone who wants to take advantage will also likely need to revise his or her will. More on the specifics of that later in this article.

WHAT ARE QFOBS?

First, we will define what we mean (and the state means) by a Qualified Family-Owned Business (QFOB) and who can inherit such businesses without paying inheritance tax - a Qualified Transferee (QT). This law now allows the owner of a QFOB, to transfer that business upon your death without any inheritance tax. However, your business transfer will only qualify for inheritance tax exempt status if certain very important conditions are met both before AND after you pass away.

There are some tricky limitations. For example, this new law allows the transfer by will, but not by trusts, of QFOBs only to Qualified Transferees (QTs) and only in certain circumstances. Additionally, after the family member inherits the business they have to follow certain rules or the tax bill comes back to bite them....with interest.

HOW MUCH CAN YOU SAVE?

Current inheritance tax for transfers on death to family members ranges from 4.5% for transfers to children or grandchildren to 12% for transfers to siblings and in some cases even 15% for transfers to nieces and nephews. As an example, if you have a business worth 3 million dollars and you're leaving it to one or more of your children, under the new law you could save \$135,000.00 dollars with proper planning. That is a huge tax savings.

Leaving it to a brother or sister? If you do this right, you'll save \$360,000.00.
To a niece or nephew? You'd save \$450,000.00.

But, there's more to the story. The savings can be even bigger for more valuable businesses. You see, there's a strategy which, when used correctly, can allow a savvy taxpayer to shelter many millions of dollars from tax, much more than you might think when reviewing the new law.

Continued on Page 2.



Continued from Page 1.

WHAT ARE THE REQUIREMENTS?

1) The business has to have fewer than 50 full-time employees; 2) It has to have a net book value of less than 5 million dollars. That the new law values a business by book value rather than fair market value is very important and we'll come back to this later; 3) It has to have been in existence for five years or more prior to the decedent's death; 4) It must be wholly owned by a decedent or by the decedent and members of the decedent's family that are qualified transferees; 5) It has to be engaged in a trade or business, the purpose of which is not the management of investments or income producing assets. This means that many family limited partnerships (FLP) set up for federal state tax purposes might not qualify as a QFOB; 6) It has to be a direct transfer and not IN TRUST to a QT. Again, this may be a disadvantage so more on this later, and finally; 7) Inheritance tax and interest that would be due on the QFOB become liens in favor of the Commonwealth on real and personal property of the qualified transferee (QT) at the time of the transaction.

WHO IS THE QUALIFIED TRANSFEREE?

In other words, who can receive a QFOB without paying Pennsylvania inheritance tax? 1) These business interests could be transferred under a will without tax to a husband and wife; 2) To lineal decedents such as children, grandchildren and great grandchildren; 3) To siblings and siblings' lineal decedents - so brothers and sisters and nieces and nephews; and 4) To ancestors and the ancestors' siblings. So it could be given to a parent or grandparent or to an aunt and uncle.

SOME ADDITIONAL ISSUES

The new statute had several other important requirements: 1) The business interest must be continuously owned by a Qualified Transferee (QT) for seven years after the decedent's death. That means if the QT transfers or sells the business interest, they are going to owe not only the original inheritance tax, but the interest that would be paid on it. It is very important to understand this; 2) The interest also must be reported on a timely filed Pennsylvania inheritance tax return so you have to make sure that the executor is savvy and will hire counsel to properly file that return; 3) A certificate must be filed annually by each Qualified Transferee for the seven-year period and failure to do this will result in loss of the exemption; 4) Furthermore, if the QFOB is transferred to a trust, the transfer will not qualify even if the trust beneficiary would otherwise be a QT.

SO YOU HAVE A CHOICE – PAY TAXES OR PROTECT THE ASSET

In many cases, it will be important to consider whether it's better to save the inheritance tax or if it's better for the family member to have the creditor, divorce and lawsuit protection that can be created only by transferring the business to a trust.

Clients must realize there are some ongoing negative implications associated with garnering this new law, but in most cases they should be easily outweighed by the benefits of a massive tax savings. (We've created a system to help you or your clients to maximize the savings and to revise the estate planning to qualify for the new treatment).

Through this system, we help you to figure out if this planning will work for you or a client; help to insure the business will be treated as a QFOB, and we will create special wills that allow you to give the asset to the Qualified Transferee in a way that allows them to decide whether to avoid paying the tax or to transfer it into an asset-protection trust if they are facing a divorce, lawsuit or they are concerned about those issues arising in the future.

FIND OUT IF IT'S RIGHT FOR YOU OR A CLIENT

We call this process the QFOB (Qualified Family Owner Business) Protection Process™. We will publish more about this process in the next newsletter. But, if you or a client have a family owned business and want to know more right now, please watch our full video report at <http://goo.gl/EHunAm>.

If you already know you're interested, call Lisa at 1-888-808-5464 and ask for one of our Tax Free Family Business Audit calls. This is a quick call with David Frees or Douglas Kaune to determine if the business planning geared to take advantage of the new law is right for you and if your business will qualify for these massive Pennsylvania inheritance tax savings.

Oops! Common Marketing Mistakes Even Professionals Make on Their Websites | You are probably familiar with the signs of a really, really bad website: cluttered design, tons of pop-ups, horizontal scrolling, and mistake-riddled content. At Foster Web Marketing, we rarely see these glaring errors because we work with professionals: attorneys and physicians who have done the research and paid other professionals to create their websites. However, we've found from over a hundred website audits an entirely different set of common website errors: mistakes that we see over and over again even from clients who have put thought, time, and money into their web design and marketing strategy.

We've found that generally these mistakes aren't made because of a lack of thoughtfulness or an absence of effort. They are made because our clients are using outdated techniques or have been misled by a bad trend or misinformation. We are here to set you straight! Are you guilty of any of the most common mistakes we see on professional websites?

- **The external blog or extra websites.** In the past, external blogs were a great way to optimize your website through trading links and netting more readers. However, these separate websites may weaken your causes now. Excessive backlinks can drag down your site's ranking. Your marketing time and budget can be strained by maintaining two separate websites. Extra websites can dilute your brand and confuse your potential clients. The bottom line: search engines and readers alike no longer appreciate external blogs, and you are hurting yourself by not putting all of your efforts into your main website.
- **The over-optimized homepage.** Is your homepage cluttered with keywords and geographic locations? You may think you are headed to the top of the search results, but really you are just alienating readers and making your most important keywords less potent. While your homepage content should obviously be relevant, it should not be written for search engine spiders. It should be written for your perfect client. Keep your message simple and clear!
- **The internal link fest.** There is such a thing as too much of a good thing, and internal links are a perfect example. A few well-placed internal links help readers navigate and help connect your pages. Too many internal links confuse readers, make your pages look spammy, and set off alarm bells for search engine spiders. The more internal links you add, the less value each link has.
- **The absence of contextual links.** Contextual links—links in which the hyperlink is made up of appropriate keywords—are the best kind of links: they make pages more relevant while also developing connections between content. Contextual links lower bounce rates and help readers navigate your site—and yet we don't see many businesses taking advantage of the practice.
- **Unclaimed local profiles.** Many businesses have heard that the internet is “going local,” especially with the advent of the smartphone and tablet. But not many people have changed their marketing strategies to reflect this reality. Failing to claim and completely fill out your local profiles will hurt your local rating. (Many businesses avoid doing this because it is so tedious and time-consuming—this is an EASY way for you to shine.) In addition, you may be losing out on significant numbers of potential clients who are searching for businesses in their area. Finally, if you don't fill out these profiles carefully and by yourself, there could be incorrect or misleading information in your profile that is hurting business. Check out getlisted.org for great local search marketing tips.

Search engine optimization techniques and web design trends change every day, but some things always stay the same: intuitive design, high-quality content, and a great, focused core business. Focus on these central tenants, and you'll avoid many of the common online marketing mistakes we see. **Need more info: check out the Foster Web marketing blog at www.FosterWebMarketing.com/blog**

Gift Buying Guide - Continued from Page 4.

Sports Gift Ideas: 1) Camping gear – rei.com and ems.com; 2) Sports equipment or apparel (typically a gift certificate is safest) – sportsauthority.com or modells.com 3) Sports tickets stubhub.com **Gifts for Foodies:** 1) Restaurant Gift Certificates- (“Best of Philly” at philadelphiomagazine.com) 2) Cookbooks 3) Cooking tools and supplies – williamssonoma.com surlatable.com **Gifts of Charity:** 1) Most charities will produce a gift certificate for a holiday donation in honor of a friend or family member's 2) Live in Chester County and want a local charity? Call 610-692-8211 to donate to the Chester County Community Foundation or any of their Chester County funds. **Tech Gifts For Under \$125.00:** All of these gifts are available at amazon.com 1) Roku3, Chrome Key, or Apple TV are all great gifts for a college student or someone who's a tv and movie fan. 2) Amazon Kindle 2012 or Barnes and Noble's Nook Simple - for the reader who travels 3) Logitech Wireless Solar Keyboard K760– for the green techie who has almost everything and who works on vacation 4) Seagate backup plus – back up is good for anyone but especially those that shoot loads of pictures and/or video.

Profit Building News and Marketing Solutions

Brought to you by David M. Frees III, JD and Douglas L. Kaune, JD at Unruh, Turner, Burke & Frees



PO Box 289
Phoenixville, PA 19460
610-933-8069

www.utbf.com/trust-estate
www.paestateplanners.com
www.paelderlawsolutions.com

Serving clients in our Phoenixville, West Chester and Paoli offices

WINTER 2013

Get Creative: Methods For Emulating Truly Creative People | Creative people may not be a breed apart, but they share certain characteristics. To sharpen your creative skills, work on developing these traits:

- **Curiosity.** Well, that's obvious, isn't it? But it's often forgotten in the rush of daily routine. Teach yourself to ask "Why?" about the issues and problems (and solutions) you encounter.
- **Energy.** This doesn't mean rushing madly around chasing ideas. It does require you to put some effort into collecting facts and thinking about the problem you're trying to solve.
- **Concentration.** Just as important as energy is the ability to stop and focus on what's in front of you, tuning out distractions or irrelevant activities.
- **Connecting.** You've got to look for links between elements that don't appear related at first glance. Sometimes this means finding order in chaos; sometimes it means breaking down ideas to discover what they have in common.
- **Playfulness.** Your work is serious, but you need to be able to stand back and adopt a naïve, even childlike attitude toward the world around you. This helps you ask questions and find connections in things everyone else takes for granted.
- **Persistence.** Even the great geniuses of our time don't expect success overnight. Practice self-discipline, so you can stick to your idea until it's successful.

From the offices of

David M. Frees, III & Douglas L. Kaune



Do You Want To Know More About The New Pennsylvania Law allowing owners of certain family owned businesses to pass those businesses to heirs FREE OF INHERITANCE TAX?

This strategy can be used to save tens to hundreds of thousands of dollars for your clients. The planning requirements are complex and we can help your clients to qualify their businesses for this tax treatment. We are happy to present a Lunch & Learn or educational program on this new opportunity in your office or to your clients.

To book a program for 2014 please call Lisa at 888-808-5464. There are a limited number of presentations available.

2013 The "Perfect Gift" Buying Guide For Family and Friends

By: David M. Frees, III | The key to finding the "perfect gift" is knowing what that special loved one or friend really wants. The first step in any gift guessing game is watching and listening. Some folks are great about hinting or just express delight when they see something that they want. They're easy to buy for. Start listening for clues and you might find that you get some ideas for even the toughest. And don't be shy about asking for a wish list. It's ok to say "I can't say what I'm going to get you this year but I'd love to know a few things on your wish list."

No matter how open or closed your spouse, kids or other gift recipients are about their holiday wish lists you probably know some areas of their interests. And we've done some leg work for you in some of the most popular areas and we've discovered some of the best and most requested gifts – for sports fans, for foodies, charity (for the person who has everything) and in tech. So enjoy shopping and we hope you get what you want this year and that you have a great time shopping for the most important folks in your life.

Continued on Page 3.