

New Year *Planning*

By Kristen M. Jackson, Attorney at Law

The beginning of a new year is traditionally a time to take a look at your physical and financial health. Many people make new year's resolutions to go on diets to drop a few pounds, join a gym and start exercising to get in better physical shape, stop smoking, etc. But physical health is just one component of your overall well-being. The first of the year is also a good time to take stock in your financial health and establish a plan for its preservation and succession.

The beginning of the New Year is a good time to review your current will or trust to make sure it still carries out your wishes and complies with state and federal laws and tax regulations. You want to also be sure your executor, trustee and beneficiaries are correctly named. If you do not have a will or a trust, consider preparing one.

You may also want to review your lifetime directives, including Durable Power of Attorney, Living Will, Designation of Health Care Surrogate and Pre-Need Guardian, to make sure they are current and on file with family members and healthcare providers. Make sure your family knows your wishes as to funeral services, burial or cremation and anatomical gifts.

Beneficiary designations on your life insurance policies and retirement plans should be reviewed to ensure that primary and contingent beneficiaries are appropriately named. If you have a taxable estate, perhaps ownership of your life insurance should

be transferred to an irrevocable trust or to your heirs. You may also want to look at how your bank accounts are titled and who is named to receive funds at your death. If you have others named on these accounts as joint owners, unanticipated liability may exist. These accounts can be put into your trust or designated as "Payable on Death" (POD).

Many people find the beginning of a new year is also a good time to start a new business. If you are already a business owner, you may want to review business buy-sell agreements, or prepare agreements if there are none, as they can be critical to preserve the value of a family business and provide liquidity at a your death.

If your estate is large enough to be taxable, consider setting up a gifting plan to make annual exclusion gifts to your heirs. Each recipient can receive \$14,000 (\$28,000 for married couple) each year to reduce the value of a large or appreciating estate. If you can, also pay family medical or educational expenses directly to the institution and still make the annual \$14,000 gifts.

Income tax planning is another element of annual planning, which involves receiving income later and paying expenses earlier. Look at what your tax bracket will be this year and next year to determine whether to accelerate expenses and/or defer income. For instance, you may prepay deductible expenses, make an added mortgage payment or prepay your property tax, and you may bunch up your medical expenses so you will have enough to itemize deductions in a given year. Charitable contributions can be made at any time during the year provided they are made before December 31, to receive a deduction that year.

Perhaps it is time to make a New Year resolution to review your financial well being. Because New Year planning can be a complex process, you should seek a qualified estate and financial planning attorney to make the best decisions about the control of your financial health to ensure your objectives will be achieved. ■

Kristen M. Jackson, attorney and founding partner of the Jackson Montoya Law Firm (407-363-9020), has over 29 years of experience in estate planning, business, real estate and family law. She has earned an AV rating from Martindale Hubbell signifying the highest level of professional excellence as obtained through opinions from members of the Bar and Judiciary.

