

Six Selected Planning Categories

Probably over 90% of all estate planning projects fall initially into one of these groups:

<u>CATEGORY</u>	<u>DOCUMENTS OR RESULTS</u>	<u>QUESTIONS ANSWERED</u>	<u>IMPACT ON CASH FLOW¹</u>
Death Planning	Wills and trusts	Who gets what and when do they get it?	None
Retirement & Liquidity Planning	Investment strategies and life insurance design	How will retirement and estate transfer costs be funded?	Fixed premiums; discretionary savings
Tax Planning (when not undertaken as part of another type)	Various, but tax reduction and inefficient investment often result	Can current tax expense be reduced?	May improve cash flow
Business Succession Planning	Buy-sell agreement; employment agreement; stock option plan <i>etc.</i>	Who will own and who will run the family business? How will senior generation be cashed out?	Almost certain to have an impact (hard to describe in generalities)
Disability Planning	Powers of attorney for property and for health care; disability insurance and nursing home insurance	Who's in charge while estate owner is alive but unable to act? How will the expenses of disability be paid?	Fixed premiums (may be "big" in the case of nursing home coverage)
Charitable Planning (tactical, not strategic)	Contribution out of current income; gift annuity; ≤\$100,000 from IRA after age 70½; CRT, <i>etc.</i>	How can estate owner do at least <i>something</i> for a favorite charity?	Could go either way: Loss of income from donation or increase from CRT-type gift

¹ A charitable gift may produce improved cash flow (because of an income tax deduction) for as much as 5 years, but the impact under consideration in this column would be longer term than that – almost “permanent,” in a sense.