

NCRO

Estate Planning

For Our Strange New World

NOVEMBER 18, 2020

PRESENTED BY

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IMPORTANT NOTE:

This presentation is based on MICHIGAN LAW. If you re living outside of Michigan, you should consult with an attorney in your state to determine what applies to you.

Diana Moak is ONLY licensed to practice in Michigan and is not offering guidance as to the law in other states.

TOPICS TO BE COVERED

1. SO WHAT IS NEW?

- a) Estate Tax Update
- b) Wills
- c) Funeral Representative Designations
- d) SECURE

2. How did COVID change things?

- a) Springing Durable Powers of Attorney
- b) RMDs
- c) Remote Witness/Notarization?

3. What do I need to change?

- a) Do you have Eligible Designated Beneficiaries?
- b) Have you checked your Beneficiary Designations?
- c) Are you leaving after tax assets to charity?
- d) Are you intentionally disinheriting a child?
- e) Did you refinance a property?

4. What Documents Should I Have?

- a) Will
- b) Trust
- c) Powers of Attorney
- d) HIPAA Waiver
- e) Lady Bird/Enhanced Life Estate Deeds

5. Resources

- a) Hyatt Legal Plan/MetLife Legal
- b) FCA Survivor Guide
- c) FCA Family Guide

6. If Time Permits – Medicaid Update

WHAT IS NEW???

2020 Federal Estate Tax Exclusion Amount

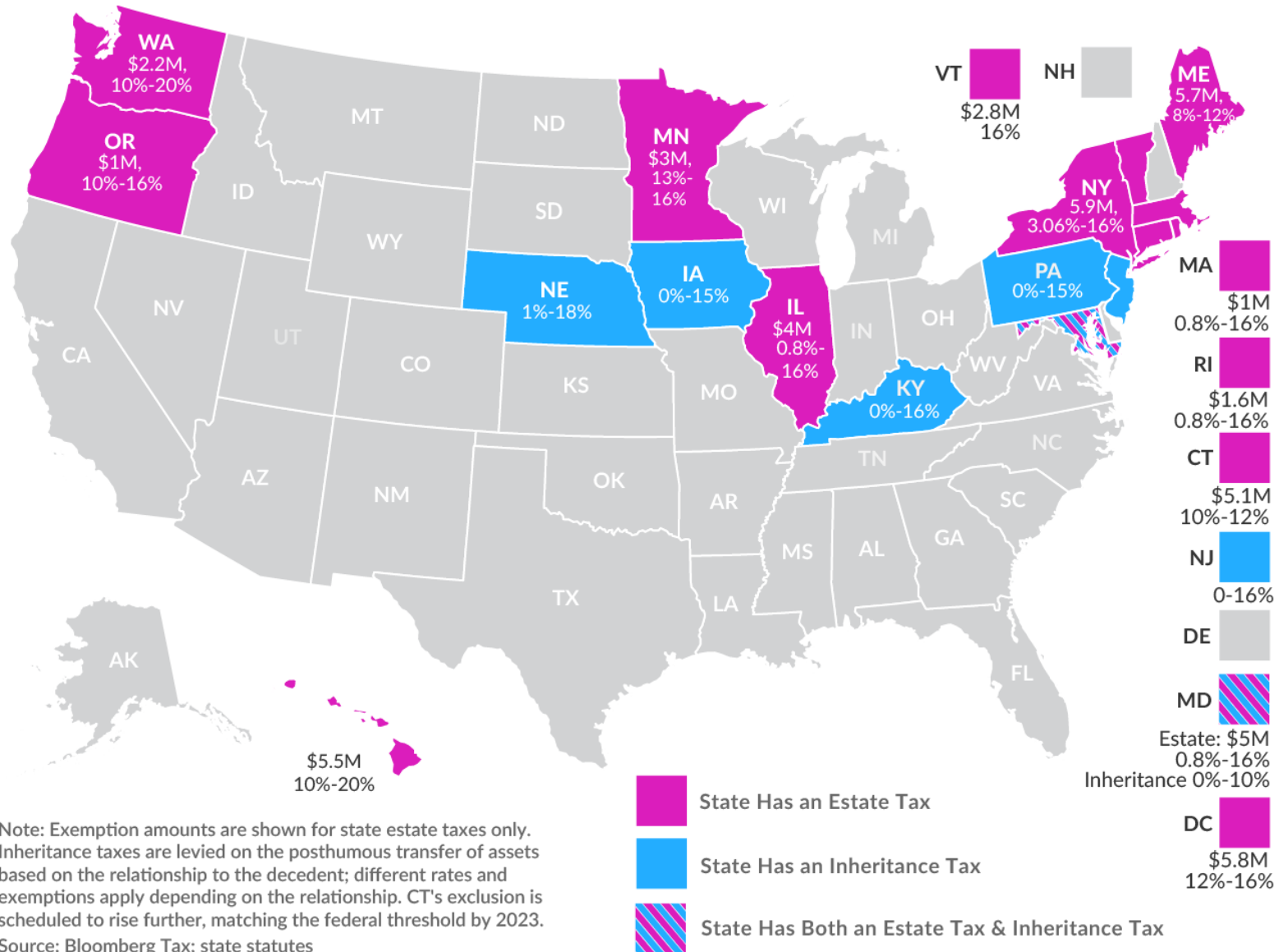
11.58 Million		23.16 Million
INDIVIDUAL		MARRIED

WHAT DOES THIS EVEN MEAN???

HOWEVER, in 2026, the exemption goes down to \$5,000,000 adjusted for inflation.

Does Your State Have an Estate or Inheritance Tax?

State Estate & Inheritance Tax Rates & Exemptions in 2020



WHAT IS NEW???

For your Will:

If it is your intention to fully disinherit a child, you have to do more than just omit that child from your documents.

MCL 700.2404



WHAT IS NEW???

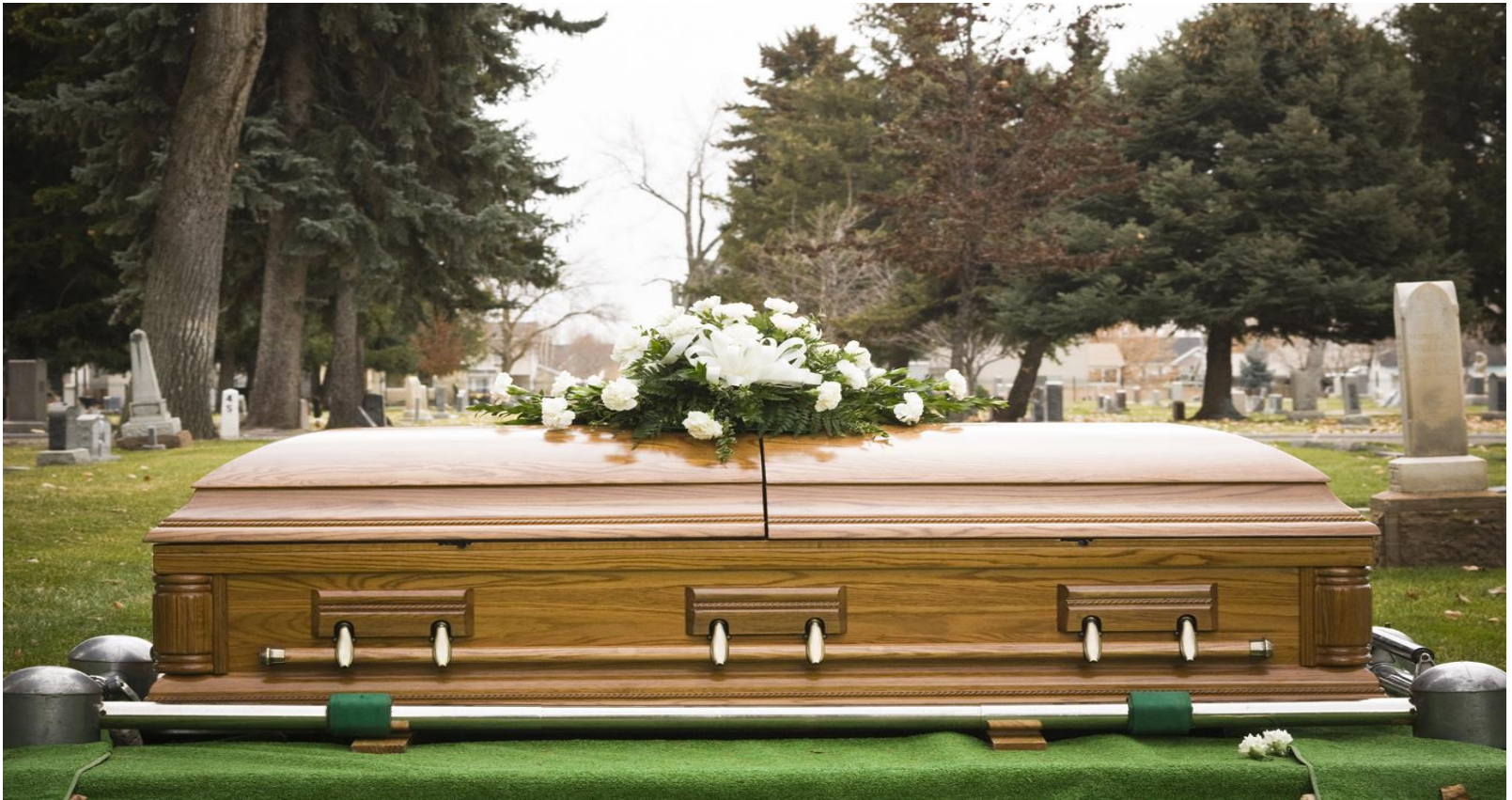


The SECURE Act

Setting Every Community Up for
Retirement Enhancement

WHAT IS NEW???

FUNERAL REPRESENTATIVE DESIGNATIONS (2016)



What did COVID Change?

- ❖ Springing Durable Powers of Attorney
- ❖ RMDs
- ❖ Remote Signing?



SPRINGING DURABLE POWER OF ATTORNEY

We, URA CLIENT and IMA CLIENT, of Farmington Hills, County of Oakland of Michigan, hereby appoint, ISA CLIENT of _____, Farmington Hills, Michigan as our attorney-in-fact (herein called Agent), with the following powers to be exercised in our names and for our benefit:

1. **Springing Durable Powers**

This Power of Attorney shall only be effective upon our disability, and only in the event we are unable to act under the General Durable Power of Attorneys previously given to each other. For this purpose disability shall be determined by a written certification or certifications of two persons duly licensed to practice medicine in the State of Michigan or in such other state as we shall be then present, that each of them has examined us and determined that we are incapable of acting on our own behalf. Such incapacity shall be deemed to cease upon delivery of a similar certification or certifications to our Agent that the incapacity has ceased. Any third party dealing with our Agent may rely upon a copy of any such certification or certifications as to our disability in dealing with our Agent and shall not be required to make an independent determination of disability. Any such third person may further rely on a statement by our Agent that the disability has not ceased in dealing with our Agent.

2. **General Grant of Power**

To exercise or perform any act, power, duty, right, or obligation whatsoever that we now have or may hereafter acquire, relating to any person, matter, transaction, or property, real or personal, tangible or intangible, now owned or hereafter acquired by us, including, without limitation, the following specifically enumerated powers. We grant to our Agent full power and authority to do everything necessary in exercising any of the powers herein granted as fully as we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that our Agent shall lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted;

3. **Collection Powers**

To forgive, request, sue for, collect, hold all such sums of money debts, dues, commercial paper, checks, drafts, accounts, deposits, legacies, devises, notes, interest, stock certificates, bonds, dividends, certificates of deposit, annuities, pension, profit sharing, retirement, social security, insurance and other contractual benefits and proceeds, all documents of title, all property, real or personal, intangible or tangible property and property rights, and demands whatsoever, now or hereafter owned by, or due, owing, payable or belonging to us, or in which we have or may hereafter acquire an interest; to have and take all lawful means and equitable and legal remedies and proceedings in our name(s) for the collection and recovery thereof, and to adjust, sell, compromise, and agree for the same, and to execute and deliver for us, on our behalf, and in our name(s), all endorsements, releases, receipts, or other sufficient discharges for the same;

4. **Real Property Powers**

To bargain, contract, agree for, option, purchase, acquire, improve, maintain, repair, insure, plat, partition, safeguard, lease, demise, grant, bargain, sell, assign, transfer, remise, release, exchange, convey, mortgage and hypothecate real estate,

What Do I Need to Change?

Back to SECURE:

Do you have Eligible Designated Beneficiaries as your IRA beneficiaries?

- Someone not more than 10 years younger than you?
- Your own minor child?
- A disabled or chronically ill beneficiary?
- A spouse

If so, that person is now a PREFERRED BENEFICIARY

Everyone else is limited to a 10 year stretch

CHECK YOUR DOCUMENTS IF:

Did you refinance?



Do you want to leave assets to charity?



Do you want to disinherit a child?



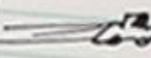

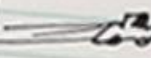

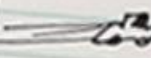


Have you updated your documents since 2012?

HAVE YOU CHECKED YOUR BENEFICIARY DESIGNATIONS?

Beneficiary?
Who gets **MY STUFF?**
Parents? Friends? Brother?

VALUABLES? \$\$\$

- Guitars 
- Cameras 
- Video game consoles 
- Computer 
- Laptop 
- Dog 
- Car 

Bypass

Probate

→ what the heck is That?...

TYPICAL BENEFICIARY DESIGNATIONS

❖ Life Insurance

❖ IRAs/401ks/403bs

❖ Bank Accounts

❖ HSAs

❖ Bank Accounts

But What If. . . .

- I want to leave money to my grandchildren who are minors?
- My children are not all responsible with money?
- One of my kids might divorce?
- I want to leave things to LOTS of different people?
- I want to be clear about who gets my stuff if someone dies before me?
- One of my children or grandchildren has special needs?

You need an Estate Plan

The
Documents in
a Typical
Estate Plan

Will

Revocable Living Trust, joint or individual

Assignment to Trust

List of Personal Property

Enhanced Life Estate Deeds

General Durable Power of Attorney

Springing Durable Power of Attorney

Patient Advocate Designation (Medical Power of Attorney)

HIPAA Waiver

Appointment of Guardian

Funeral Representative Designation



Which do I need?

Only Millionaires
need Trusts right?

I have a Will so my
family won't go
through probate!

But What If. . . .

- I want to leave money to my grandchildren who are minors?
- My children are not all responsible with money?
- One of my kids might divorce?
- I want to leave things to LOTS of different people?
- I want to be clear about who gets my stuff if someone dies before me?
- One of my children or grandchildren has special needs?

AND I WANT TO AVOID PROBATE!

You need a Trust

My Neighbors have 2 trusts.

Do my spouse and I need 2 trusts?

-Are you and your spouse both the parents of all the same kids?

-Do you own all of your assets jointly?

-Does either of you expect to inherit?

-Do you have more than \$6,000,000 combined?

-Do you have any special needs beneficiaries?



SPECIAL NEEDS TRUST

Stand Alone Trusts

Revocable or Irrevocable

Part of a Grandparent or Parent's Revocable Trust

Elements common to either form:

Purely Discretionary payments

No payments directed for the Beneficiary's health, support or maintenance

All assets from parent, grandparent or other person - not the disabled person's assets

Trust Protector

Termination Provisions



OR MAYBE YOU JUST NEED ABLE – Achieving a Better Life Experience Act

POWERS OF ATTORNEY

1. DURABLE POWER OF ATTORNEY

2. SPRINGING DURABLE POWER OF
ATTORNEY

3. LIVING WILL

4. PATIENT ADVOCATE DESIGNATION

5. HIPAA

(Health Insurance Portability and Accountability Act of 1996)

6. FUNERAL REPRESENTATIVE

TOUGH DECISIONS

- Who should be in charge of your estate? What if?
- Who should make medical decisions for you? What if?
- Who are your beneficiaries? What if?
- Who are your disaster beneficiaries?
- Second Marriage Beneficiary Choices

NUPTIAL AGREEMENTS

A woman in a pink dress is pointing to a document on a table. A speech bubble above her says: "Yes, dear, this is called a 'prenup' Just sign it... Everyone has one. It's no big deal."

Yes, dear, this is called a "prenup"
Just sign it...
Everyone has one. It's no big deal.

- Keeping separate assets separate
- Reassuring adult children
- Reducing uncertainty

BUT, it won't help if your spouse needs Medicaid.

Hyatt Legal Plan a/k/a MetLife Legal

What is covered?

Wills

Trusts (not tax planning)

Powers of Attorney

Deeds for real estate (not rental properties)

Sale of Real Estate by Owner

Prenuptial Agreements

What is "sort of" covered?

- Probate
- Divorce
- Consumer Disputes
- Elder Law



**Guide for Families to ensure important information is available to survivors.
Actions recommended prior to and following the death of a Family Member
August 2020**

To Retirees and their Spouses, Survivors and Beneficiaries:

The following is provided by the Insurance Committee of the National Chrysler Retirement Organization (NCRO). It is intended as general information that it is not applicable to only the benefits provided by Chrysler/FCA for its retirees, their spouse, survivors or beneficiaries. This Guide is not intended as legal advice on how to manage an estate. Information regarding benefits provided by Chrysler/FCA are covered in a separate Guide.

This Guide is intended to recommend information that everyone should make available to those that may need to refer to it.

This listing may not be complete for everyone, but is intended to cover as many items as occurred to the Insurance Committee. For a more detailed listing there are books and publications on this subject. One that has been recommended by one of our NCRO Board members, is called Checklist For My Family, A Guide to My History, Financial Plans, and Final Wishes written by Sally Balch Hurme an elder care attorney.

Jay Kuhnle, President NCRO August 2020



**Guide for FCA Salaried Retirees, Spouses and Beneficiaries for actions to
take following the death of the Retiree or the Spouse
August 2020**

To FCA Retirees and Spouses:

This document is intended to be a guide for FCA retirees, spouses and their survivors and beneficiaries. The National Chrysler Retirement Organization (NCRO), through its Insurance Committee, is issuing this Guide to provide help in understanding the requirements and actions involving FCA benefit programs that need to occur when a retiree or spouse dies.

The Insurance Committee of the NCRO cannot provide legal advice. If you question the applicability of some of the benefits or provisions discussed in this Guide, please contact your lawyer or the respective administrator, such as Benefit Connect (BC), WageWorks (WW) or Merrill Lynch (ML).

It is very important that the retiree, spouse, survivors, and beneficiaries have access to this document. If possible, it should be read now when you receive it, to better understand the information available. It is highly recommended that this document be kept with your other important information e.g. wills and or trusts for reference by surviving family members or future caregivers.

This survivor guide is regarding FCA benefits. However, a Family Guide is also being mailed separately from this document. It is a general guide for families to ensure important information is available to your survivors as well as recommended actions at the time of death.

Jay Kuhnle, President NCRO August 2020

Before providing specific information as it relates to survivors, this document provides the following definitions of terms used in this guide.

Medicaid Exempt Assets

- ◆ Your Home (Must be in your own name and not in a trust)
- ◆ Your Car (one motor vehicle)
- ◆ All household goods and personal goods(i.e furniture, televisions, audio equipment, computers, grooming articles, musical instruments, jewelry.)
- ◆ Your prepaid funeral and burial arrangements
- ◆ Unavailable assets including some jointly held assets.

During the calendar year 2020, the community spouse may retain **\$128,640** or $\frac{1}{2}$ of the value of countable assets, whichever is less, down to a minimum of **\$25,728**. The divestment devisor is now **\$8,618**.

Making gifts without consulting with an attorney first is not recommended.