Stop Putting Off These Estate Planning Essentials

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Hey, everybody. Welcome back to another episode of Keen On Retirement. I'm your co-host, Steve Sanduski. And with me, as always, my good friends, the great financial advisors, Bill Keen and Matt Wilson. Gentlemen, how are you doing today?

Bill Keen: We are good, Steve. Thank you for that kind introduction, sir. We're grateful to be on the program with you yet again today.

Matt Wilson: Yeah, it's good to hear from you, Steve. You're in a good mood today it sounds like.

Bill Keen: Right? He's going to be nicer to us today.

Steve Sanduski: I'm always in a good mood when I talk to you guys.

Matt Wilson: Well, the last few months Bitcoin's been going up, so I guess you're happy.

Steve Sanduski: Yeah, yeah. Since I'm Satoshi Nakamoto, that's my avatar, I guess you could say, so I've got several billion in Bitcoin that ...

Bill Keen: Well, remember Steve, when you cash in, we're your guys. Okay?

Steve Sanduski: Absolutely. What's mine is yours.

Bill Keen: Excellent, excellent. That's good to hear. And now I haven't noticed as much about the cryptocurrencies in the news lately, I guess other things like tariffs and whatever the headlines of the day are ...

Matt Wilson: Well they stopped going up.

Bill Keen: Oh okay.

Matt Wilson: Yeah, so that was part of it.

Steve Sanduski: Yeah.

Bill Keen: Well I'm sure they'll cycle back around sometime soon and get everybody all worked up, so.

Steve Sanduski: It will. Yeah. Yeah, there's always something in the news that's for sure. Tariffs are one of 'em, as we're talking that's been scooping up a lot of the media here in recent days.

Bill Keen: It has, it sure hasn't hurt corporate earnings here in the U.S. has it Matt?

Matt Wilson: No, earnings look great. Q2 is ... We're getting the data out here and still looking phenomenal.

Steve Sanduski: Yeah, excellent. Well hey guys, we got another great show lined up today, we're gonna be talking about estate planning, I know we're gonna start off with a definition of estate planning but before we jump into that, Bill I know recently you were just up in my neck of the woods. What were you doing up here in good ole Wisconsin?

Bill Keen: Well first off Steve I hope that you're not offended that Devin and I didn't give you a quick call when we were up so close to you, we were kind of in and out to the OshKosh Air Show. We flew up on Sunday night here a couple weeks ago and we left on Wednesday I think I've mentioned before Devin just recently achieved his instrument rating and for a 19-year-old young man, that's quite an accomplishment. So we were up there at the air show, the largest air show in the world and it's funny because I mentioned OshKosh to ... I think everybody should know about this and some people think it's the kids ... Remember those?

Matt Wilson: The clothing?

Bill Keen: The overalls.

Matt Wilson: Uh-huh (affirmative.

Steve Sanduski: OshKosh B'gosh.

Bill Keen: Yes, that's right. That's what most people say back to me when I mention that we were just at OshKosh, they think we were at the factory or something.

Matt Wilson: Yeah.

Bill Keen: But we had a great time once again and I think that's my fifth year in a row up there but we were on a tight schedule so we were in and out pretty quickly but that is probably one of the coolest things that I've ever attended, especially if you have a passion for aviation because starting at 8AM in the morning going till 7 or 8 at night, there are classes happening, you can learn about anything you want to learn about, all the producers of different aircraft, experimental aircraft, commercial aircraft. Anything from just a very small little glider to the biggest jets that exist and then the military there as well so, you get to see some pretty awesome equipment and get to hang out with a lot of really cool people. One of the other cool things about it to Steve is and this isn't a plug for OshKosh, is that what we're gonna do an episode on now.

Steve Sanduski: We're gonna do an episode on OshKosh or?

Bill Keen: We'll go to the estate planning part but heres what's cool about the pilots, about the aviation community. There's 500000 people approximately at this event over the course of a week and the grounds are immaculate, people aren't throwing trash down and trashing the place. I've yet to see a fist fight at this event, now maybe I'm not hanging at the after parties ...

Matt Wilson: You're not staying out too late?

Bill Keen: Right, right. I'm home getting a good nights rest so maybe I'm missing that but uhh it's really cool and then Devin and I both got to see General Hank Canaberry who has trained both of us, been a flight trainer to both of us, he was an air force fighter pilot, he was a thunder bird pilot. Toward the end of this career he'd flown something like 450 combat missions. One of the top aviation trainers in the country and we also get to call him and text him and meet him and get a chance to chat with him, his son was also a thunder bird pilot and his son is now an acting general as well in the air force so, I mean really, really cool people and really a fun time so anyway Steve, yeah so, please forgive me for not stopping by but next time we're in we will for sure.

Steve Sanduski: Well interesting, I think you mentioned you were up there ... You got there on a Sunday. Well, I was in OshKosh on Saturday the day before, we were actually ... Linda and I were driving up north here to the Apostle Islands area in Wisconsin up in Lake Superior and I was thinking about you, I thought, "Hm, I wonder if Bill is here?" And yeah, so we just missed each other. But hey, one thing I do want to make a comment here about the air show and one thing that you just said here a minute ago, you said I have a passion for aviation and I think just the idea of people having a passion about something, like you're passionate about aviation and I was mentioning to you earlier Bill that my wife Linda has an art gallery and last weekend we were in the art gallery and a guy comes in and says, "Yeah, I was just on my way down from the air show in OshKosh," and so I started chatting with him a little bit and turns out that he's been going to that air show for 30 years and obviously he has a passion for it as well.

So many of your clients Bill and Matt are people that are in the retirement years and it's just so important to really have something that your passionate about, it doesn't have to be aviation obviously but just something that just gets you excited, gets you up in the morning, gets you thinking about and something that you want to read about and learn about and talk to people about that gets you excited about something were you can feel like you're continuing to learn and grow so I think you obviously have found one in the aviation area and certainly encourage everyone listening to think about what is it that your passionate about? And that's one way to really enjoy life obviously.

Matt Wilson: Yeah interesting, I was looking up some data on OshKosh 'cause yeah, I haven't been lucky enough to be invited to go up there with Bill and his son yet but I was reading about it ...

Bill Keen: A Days Inn room that normally goes for $39.95, it goes for $399 a night that week, I'm like c'mon but hey, I guess it's capitalism, right?

Matt Wilson: Well this is now, over 600000 people go to the event. 87 nations are represented, over 10000 aircraft are there at the event but heres more interesting. There's been studies done on the economic impact of the airshow and 110 million, this isn't data from 2008, 110 million economic impact for the area, just from that airshow.

Bill Keen: That one week?

Matt Wilson: Yeah.

Bill Keen: Yeah, that's amazing.

Matt Wilson: Yeah, yeah. Pretty interesting, that you would think yes, big but five days out of the year has that much of an impact. Says it provides 1700 jobs and 39 million in labor income for the surrounding counties.

Bill Keen: So 1700 jobs year round probably, do you think?

Matt Wilson: Yeah, and that 39 million in labor income ...

Bill Keen: Yeah, yeah.

Matt Wilson: ... support people for quite a while.

Bill Keen: Yeah.

Steve Sanduski: Great.

Bill Keen: For sure.

Steve Sanduski: Great.

Bill Keen: For sure.

Steve Sanduski: Well we'll have to do, Bill you mentioned, we'll have to do another episode or do an episode on the flying and aviation 'cause there's so many parallels between that and retirement planning, so I think that'd be a great conversation to have as well.

Bill Keen: There really is and at some point we could get General Canaberry on the show as well 'cause he's just the epitome of someone who has ... He retired from the air force and my goodness, he's 79 years old and he's still a trainer and he also flies what's called a pits. He does acrobatic flying, he's trying to get me to come down to Scottsdale and Karissa. He's always wanting Karissa to come down too. I think he likes Karissa Steve, I actually think he likes Karissa better than me but he says, "Come on down and we'll do some upside down flying," and I'm going, "Wow." But anyway, he's a great example of someone who's living life in his retirement more than anyone I've ever seen and it's just amazing so I've asked him to be on the show a couple times and he's confused about what actually is it again? And so, but I'm gonna get him on here one day Steve.

Steve Sanduski: Sounds good. So General Canaberry if you're listening, we got your number buddy.

Bill Keen: That's right.

Steve Sanduski: Okay, all right guys. Hey, let's jump into estate planning and I thought maybe a good place to start would be a definition of estate planning. What do you think there Matt?

Matt Wilson: Yeah, and considering Bill just talked about flying upside down I would encourage him to make sure he has his estate plan up to date before he does that.

Bill Keen: I do.

Matt Wilson: So an estate plan, we get a lot of questions about estate plan and we find that when we sit down with folks, especially as clients or people that are potential clients considering retirement, we find that the estate plan is one of the most common things that has not been addressed yet or it's very outdated.

Steve Sanduski: Mm-hmm (affirmative).

Matt Wilson: And so, what an estate plan does very simply is it dictates your wishes for when you pass away or in the event that you become incapacitated. So it is the documents you put in place that say, "Here's what I want to have happen should I pass away or here's who I want to make decisions for me if I'm unable to make my decisions." Now, further along with estate planning, you can talk about tax avoidance and maximizing certain types of structures so you minimize some of the complexity and some of the hoops that your beneficiaries have to jump through and we'll get into what some of those documents are because the very basic things that an estate plan will address or will put in place is a last will and testament, which outlines your final wishes and how you want your estate to be distributed. Estate planning will also include a power of attorney, which authorizes an individual to act on your behalf while you're alive. So one thing that I don't think people realize, powers of attorney stop when someone passes away.

Bill Keen: Right.

Matt Wilson: They're only relevant while someone's alive. Healthcare directive designates a person to make decisions on your behalf and dictates how you should be cared for should the event you become incapacitated and then a living will, will designate who's in charge of making important medical choices on your behalf, according to your wishes too. You line out heres how the decisions I want to be made for me, heres the thought process I want them to go through as they make those decisions. Now further along the line, those are the basics everyone should have.

Steve Sanduski: Mm-hmm (affirmative).

Matt Wilson: Now a trust is something that is very common, isn't a requirement but a trust is a separate entity that holds property for the benefit of either the people that created the trust and or, the beneficiaries of the trust. So in simple language, you create a trust, it's for your benefit and then the benefit of your kids and grandkids should you have those.

Bill Keen: And I know we can get into this later but that revocable, that word revocable means that it's really for your benefit while your living and you can change it at any time. And I think an important thing Matt just mentioned there, he mentioned it several times is this incapacity thing, because a lot of people think of estate planning I believe and they just think of I'm dying, I'm gonna be gone so who cares? I mean, I hate to say that but some people think ... That's why I think it's easy to put off a day, another day, a third day, years even is because you think this happens when I'm gone and the reality of it is almost everybody will hit a point in their life were they are in the stage of what we would call incapacity in some way.

Matt Wilson: Mm-hmm (affirmative). Mm-hmm (affirmative).

Bill Keen: Where they need help with handling their affairs. Almost everyone will get to a point where they need some help paying their bills, they need some help understanding what's happening and not being taken advantage of even at that point in their life. So the estate planning as Matt mentioned talking about making sure you have things in line for who is going to help you and how is that going to look when you need help. That is so important.

Matt Wilson: Mm-hmm (affirmative). Yeah.

Bill Keen: It's such a gray area isn't it when clients start to demonstrate potential dementia or a client will come in and say, "Hey my parents, they're not thinking right, they're doing things that aren't right, we're nervous. We don't think they're all there so to speak." Next thing you know, it's like who does what and when and how and by that time it's almost too late so this applies to our clients of ours at the firm that are in their 60s and 70s but then also their parents.

Matt Wilson: That's right. Yeah I was gonna say. A lot of times it can be too late if you haven't addressed it ahead of time because if someone isn't able to make these decisions well, they're not gonna be able to put a document together that says who's gonna make it for them either, so that's where now you have to get attorney's and the court system involved to start making these decisions for 'em. So, makes a life a lot easier if you address these things ahead of time. The other issue too that is common is it's easy to get overwhelmed with the estate planning process because we want to think about well how do I want my estate plan to look ... If in my 60s, how do I want it to look for the next 30 plus years? And it's overwhelming to think of all the different scenarios that can happen and that's the wrong way to think about it. It's yes, should I happen to pass away in the next five years, heres how I want it to look. That's really the decisions you need to make.

Bill Keen: Mm-hmm (affirmative).

Matt Wilson: And how you should define your estate plan because you won't be able think of all the scenarios over a 30 year period, plus there's gonna be multiple ... You can't say guarantee but very, very highly likely that there will be estate tax law changes over the next 30 years.

Bill Keen: That's probably one thing ... We probably could guarantee that. And we can talk a little bit about the new rules and then the sunset provisions and all that but I think I'd be comfortable saying we could guarantee it.

Matt Wilson: Well, 'cause it does change. It changed this year. 2018 it changed.

Bill Keen: That's right.

Matt Wilson: Now the changes just as a high level were significant for estate tax purposes, outside of that not significant for any of these estate planning documents that we're talking about. So the big changes were they doubled the amount that you can pass on to your beneficiaries tax free. It went up from 11.2 million per couple, so 5.1 billion per person up to now 11.2 million per person, 22.4 million per couple. That was the major change.

Steve Sanduski: And that obviously will affect all of our listeners.

Bill Keen: Yes.

Steve Sanduski: 'Cause all of them have estates of at least 11 million per person, right?

Matt Wilson: Yeah, they've been buying Bitcoin.

Bill Keen: Right. And we know you Steve, you're still gonna have significant estate tax, right?

Steve Sanduski: That's right. Right, right. Well hey, I just want to quickly go through this list again that you had mentioned here Matt when it comes to estate planning, you mentioned four documents in particular that everyone should have, lets call that the base of their estate plan and then you mentioned a fifth one that some people may have depending on their situation. So one is last will and testament, second is power of attorney, third is a healthcare directive and fourth is a living will. And then I'm gonna ask each of you listening to this right now to raise your hand and how many of you have all four of these documents in place and updated right now? Bill or Matt, do you guys have a sense for how many people that you come across that actually have all four of those documents already updated?

Matt Wilson: Yeah, when we first sit down with people, I would say it's about half that have at least gone through the process within the last decade.

Bill Keen: Decade, that's what I was going to say.

Matt Wilson: Decade is pushing the age limit and the other half is either one of two things, either zero estate plan or they've created a will essentially 30 years ago and that hasn't been updated. So I'd essentially that they would have no estate plan. Now we say you don't have an estate plan, that's actually inaccurate, you do have an estate plan. The state defines what it is and that's the probate system. So you pass away unexpectedly, you do have an estate plan and it's through the court system of the state you live in.

Bill Keen: Which is all public as well, so.

Matt Wilson: Public, costly and time consuming.

Steve Sanduski: Right.

Bill Keen: Yeah, go ahead Steve.

Steve Sanduski: Oh I was just gonna say and possibly and potentially embarrassing too.

Bill Keen: Yeah, oh for sure.

Steve Sanduski: Those assets may go to places where you don't really want them to go because the state is already dictated by law, this is what happens if you die without a will or without a plan.

Matt Wilson: Mm-hmm (affirmative).

Bill Keen: About 15 years ago I worked with a client that was a high profile sports person, and they passed away unexpectedly and had no estate plan so it all became very public and one, this person had received a lot of money in their career that was public over the course of their career and they have very, very little- to show for it but people came out of the woodwork against that estate. So one it was all public, one the beneficiaries that did get some money at least now became the targets of fraud, of you name it and if you think the fraudsters aren't looking at these probate estates that are public and using that to target unsuspecting beneficiaries, they definitely are. If they go to lengths that we talked about on our last podcast with special FBI agent Jeff Lanza to just scam us through the cyber world, just imagine where you have this stuff come public that's all factual, that they know who got what and when and that there's confusion and all those things. So the aspect of making things private, that alone would be a reason to get these affairs in order.

Matt Wilson: Mm-hmm (affirmative). Yeah.

Steve Sanduski: Good. All right so we've got these documents and then that fifth one is trust or trusts that may come into play depending on your particular situation. So what are some other things that we need to be thinking about here as it relates to estate planning?

Matt Wilson: The first step to it is to list out all of your financial accounts and assets it's your bank accounts, investment accounts, retirement accounts, property, anything of value. And I say that when we talk to estate planning attorneys we ask them, hey what are the common things that you come across and they tell us, you'd be surprised the things that beneficiaries, children argue about and they tell us it's most likely the things of no value that were just their parents but again, list everything out.

Bill Keen: Well, no monetary value.

Matt Wilson: No monetary value.

Bill Keen: Heirloom maybe value for sure.

Matt Wilson: Yes. Safety deposit boxes, insurance policies, any annuities, whole life policies, anything like that and then you want to keep copies of deeds. Vehicles, houses, tax documents and then any estate planning documents you have put together, you do want to have that all listed out somewhere and then copies of all of these documents held in a secure place whether it's a safety deposit box at the bank or it's a fireproof safe at your house, you need to put all that somewhere together. Now, this has become more and more of an issue is your digital assets back I would say over a decade ago that was of very little concern for most people but digital assets are like your Facebook account. You might have more and more of your pictures and some of your personal things that your family might want on your Facebook account. I mean, I don't know. When's the last time any of you have printed off a picture?

Bill Keen: Been a while.

Matt Wilson: Yeah.

Steve Sanduski: So Matt does that mean my tweets? That I can bequeath my thousands of tweets that I've done over the years to somebody?

Matt Wilson: Well your Twitter handle. That could be of value to someone.

Steve Sanduski: Yeah.

Bill Keen: Imagine what that does for someone ... I started when my kids were younger making a journal and trying to just sign a document thing so they can see it at some point in the future and it's hard to keep updated but these social media things really document someone's life.

Matt Wilson: Yeah.

Bill Keen: They really do for those next generations to see the history of someone's life and not having the passwords and not being able to access those things, yeah that's a great point. And is it of monetary value? No, there's no monetary value probably but there's a ton of very valuable information there for future generations.

Matt Wilson: You got to think about that. So your passwords to your online stuff. I mentioned printing off all your statements for bank accounts and what have you, but even just putting the passwords to those accounts too online. In some, you can out it in a document and stick it in the safety deposit box. You can store these things online now, special agent Jeff Lanza did mention there's some tools online that will store your passwords and you can store documents like this. There's even software companies that will do what they call ... They're called digital gatekeepers so to speak and they will keep all of this stuff in a secure vault for you for a monthly fee or an annual fee and the benefit to that is you have access to it anywhere so if you're traveling and you need to address something, especially whether it's a healthcare directive, maybe something happens while your traveling. Now you've got access to it in a virtual aspect.

Steve Sanduski: Good.

Bill Keen: And we need to correct Matt, it's now called past phrases right Steve? Jeff told us last episode.

Steve Sanduski: Yeah, he did, yeah.

Matt Wilson: That is correct.

Bill Keen: Okay.

Matt Wilson: Yeah.

Steve Sanduski: Good. All right, well what would be another item that we need to be thinking about here in our estate plan?

Matt Wilson: Specifically when you have investment accounts and IRAs and insurance, there are named beneficiaries.

Bill Keen: Mm-hmm (affirmative).

Matt Wilson: So you need to confirm and verify and check on whose listed on a regular basis. We do it at least annually. What we recommend everyone just go through double check everything, make sure they're listed on your accounts because if you pass away and there's no beneficiaries listed, now you're gonna have to go through the probate process for your family now to get those assets but then too, you might have the wrong beneficiary listed.

Bill Keen: That's right. We had a client, it's been a while now, but it was probably about $300000 dollars that she inherited unknowingly. Her ex-husband who was out of state from 20 years prior forgot to take her off and put his new spouse on, so she inherited $300000 dollars from him and now she was put in a predicament. Now, I guess the current wife, we didn't talk to her so she was really in a predicament because she didn't receive the 300000 but the person we were working with did receive the 300, so you think oh, well that's great. That sounds like a good problem to have. Well kind of maybe, but now she was put in a predicament where she didn't really need the money but she had children with her former husband. The former husband had kids with his current wife and now she's trying to figure out what's the thing she should do with this money? Does she keep it? Does she give it to her kids? Does she give it back to the current wife? Does she split it amongst them? She went through a lot of stress and a lot of sleepless nights over that, didn't she Matt?

Matt Wilson: Yeah.

Bill Keen: Because she didn't know what to do from several different standpoints, so this is just something very real that can happen on either side of it we highly recommend check those beneficiaries. It's a part of our process.

Steve Sanduski: What did she ultimately decide, do you know?

Matt Wilson: Yeah she set up a separate trust that held that money and that trust was specifically written to say that if something happens to her, it goes to her son who was the child of her and ex-spouse. So she just set it up that way, she's not touching the money but she just kept it in her name and just set it up in that way, because even if she wanted to give it back, let's say she said, "You know what? This wasn't supposed to be mine, I'm gonna give it to current spouse." Now you have estate gifting issues that you have to be aware of. And so, it's not just as simple as saying, "Well it's not supposed to go to me," I mean you gotta deal with potential tax consequences and what have you, and so in her situation that's what she decided to do.

Bill Keen: Yeah certainly if you were on the other side of that and didn't receive the 300000 and you should have, now that's a whole 'nother scope of problems. Now you mentioned the gift tax, I think it's important. This comes up a ton in the firm here. Why don't you talk a little about that Matt, about how much you can give to kids on an annual basis and just how that works because a lot of people are confused about how much can we give without triggering a tax to our kids and our grandkids and that kinda thing.

Matt Wilson: As I mentioned upfront, there is a limit that someone can transfer to the next generation without any estate tax, and that's 11.2 million per person. Now, on an annual basis, you can gift away as much as you want up to that 11.2 million without any estate tax or any current tax.

Bill Keen: Not on an annual basis, over your lifetime you can give that much.

Matt Wilson: Well no, you can gift it in one year if you wanted. Now you've used up your credit.

Bill Keen: Okay, sorry.

Matt Wilson: If you had more money, that of course is gonna be subject to a state tax but you can gift that away, so common is the question around well how much can I gift to my kids on an annual basis without triggering any tax? Well the answer is 11.2 million. Not on an annual basis but a one time gift. On an annual basis again, you can gift as much as you want up to that 11.2 million but there's a threshold each year where the IRS says, "We don't care what you gift as long as it's under 14000."

Bill Keen: And that's per spouse, per person.

Matt Wilson: Yeah.

Bill Keen: Mm-hmm (affirmative).

Matt Wilson: And so the reason they say that is because it's not worth their time to track it.

Bill Keen: And in that case, it doesn't go against that lifetime 11.2 million exception?

Matt Wilson: That's right.

Bill Keen: And you don't even have to track it. You don't have to file anything.

Matt Wilson: They don't care what you do with it. If you gift more than that to any one person, so if you've got two kids, you can gift them 14000 each and your spouse can gift them 14000 each, so it's a per person, per spouse type of situation. Same with grandkids too. You can gift more than that it's just now once you get over that 14000, you're required to file on a gift tax return, which doesn't trigger any tax to you or to the person receiving it, it's just now the IRS says, "We want you to track how much you're gifting against the 11.2 million that you're able to give away tax free." So that's why you can gift more than 14000, you can gift as much as you want up to 11.2 without any tax it's just at what point does the IRS want you to start tracking it is really the big issue.

Steve Sanduski: All right well guys, any other thoughts here on the estate planning that we need to be thinking about?

Matt Wilson: There's two other big things that are important. So one, you go through the estate planning process, you set up those basic documents we talked about, you don't necessarily need to retitle anything, it's just confirming that your beneficiaries are correct, which we've discussed. If you do open a trust account, create a trust account, now the key, this is again another common issue that estate planning attorneys tell us they come across is they go through the process and they create all these trusts and these different wills but the client doesn't ever retitle anything. So the trust is only relevant to the assets that it's in the name of. So if you have a house, and you don't change the ownership of your house to your trust, the trust you just created doesn't do anything for that house.

Bill Keen: Right, we've seen these things to come in haven't we? Where people think they've done it, they want the peace of mind knowing that they've done their estate plan and they've retitled nothing.

Matt Wilson: Yeah.

Bill Keen: It's an ineffective document. It's actually worthless.

Matt Wilson: It doesn't do anything and if you have an IRA, insurance products, if those have named beneficiaries, so it doesn't matter if you have a trust or not, if you don't list the trust as the beneficiary of those accounts, the trust doesn't matter. It's whatever, whoever's named as the beneficiary gets that money. So you need to verify that you've retitled those assets and that you've adjusted your beneficiaries. You wouldn't change ownership, this is a common question we get, your IRA never changes out of your name, it's always your IRA, you just change the beneficiary to a trust or to your spouse and then the trust. I mean there's multiple different scenarios but ownership doesn't change in some accounts just the beneficiaries do.

Bill Keen: And in some cases where we see blended families, which that again opens up a whole 'nother level of discussion for maybe another episode but it's not guaranteed that the trust would be the beneficiary of an IRA but it could be for part of it and then directly to a grandchild here and maybe to a spouse here.

Oh for sure, and it sounds complicated as we talk about it today and it is but when you sit down with a competent attorney and you get the whiteboard out and you start sketching this stuff out, it's really not that bad if you take the time to do it.

Matt Wilson: That's right. So a good estate planning attorney that focuses on this, I mean sometimes there's just generalist types of attorneys and nothing wrong with them but if they're not focused on estate planning, they may not have the process to walk you through, to really check off everything. I mean a lot of the attorneys we work with, they'll do the titling for you because they understand how important it is to make sure that those titles are changed. The other aspect of this too is if you are having a situation where a blended family, you might have kids that maybe don't get along or you're worried about one child might have a different situation than another, it is important to have those conversations with them about here's what I set up and this is why I set this up. So they all understand ahead of time of how this all works, so it's not just a surprise should you pass away.

Having that conversation, you don't necessarily have to go into details of your asset base and talk about numbers, you could just talk about well here’s who I've designated to be in charge, heres how this works, heres who you contact. I mean we have those meetings with clients and their kids and we don't have to go into financial specifics, some do, some don't. We can be the quarterback to that situation and just talk about here's how things flow, you come and talk to us about these things, here we'll walk you through on who to talk to on the other aspects. The other piece too is then to tell them where is this stuff stored should something happen.

Steve Sanduski: I got a question for you guys. So let's say someone is in their late 50s, and they are thinking about retirement and maybe they haven't met with a financial advisor yet, they haven't met with an attorney yet, what do you recommend is the sequence? And they realize, hey I need my estate planning stuff done and I also need a good financial plan. Do you recommend that they go to the attorney first, get the estate plan done first then meet with the advisor? Or do you recommend meet with the financial advisor first, let them quarterback the situation and then they'll bring in the estate planning attorney and just make sure everything is coordinated? What do you view as the best sequence there?

Matt Wilson: With that question and that situation specifically, we recommend they meet with a planner first because the planner's actually gonna help you put together a list of all these financial assets.

Bill Keen: You better make sure it's the right planner who understands the concepts as well.

Matt Wilson: It's focused on these concepts, because yeah, they'll help you actually put all of this stuff together. Some clients, they'll take the financial plan to the estate planning attorney.

Bill Keen: Sure.

Matt Wilson: They've asked. They said, "Hey, can I share this with my estate planning attorney?" We're like, "Of course. This is great, I mean you've listed all your assets, your debts. It gives them a complete breakdown of where things are at." So that saves a lot of leg work right there.

Steve Sanduski: Right. So that's something you guys do right?

Matt Wilson: Yeah, and we'll have a lot of times too where we'll bring in the estate planning attorney, we have recommendations for clients should they not know anybody. If they have a relationship with somebody already, we'll help make sure assets get changed, titling and beneficiaries. We'll have meetings in our office, we'll have meetings at the estate planning attorney's office just to help everyone get on the same page with all of this because it is important and it can be a very costly mistake should you one, forget something. Not have it titled right or not have the right beneficiary or two, not even have it in place.

Bill Keen: It’s one of the reasons we're doing this podcast today but it's part of our process here. It's educating on just the verbiage. Understanding the language, understanding the thought processes so that they can take that home and really think about it, ponder it, let it soak in a little bit before they see the estate planning attorney so they show up with the estate planning attorney educated a little bit about they want and even more able to learn from them in those meetings making those meetings more productive for them as well.

Steve Sanduski: Great.

Matt Wilson: The very last piece to this and this where you do it, you set it all up and then it's reviewing it on a periodic basis and we say five years is a good timeframe.

Bill Keen: Or if something major happens though in between that.

Matt Wilson: Well of course, yeah.

Bill Keen: Of course.

Matt Wilson: You made your life change, a death, a divorce. Maybe even your kids getting married, grandkids are now born. I mean those types of things. If you've addressed them in your estate plan you might have to adjust as they happen but if nothing's happened significantly because that's a common thing nothing's changed but it's been 10 years and it's like, well you might not have written it, the attorneys write it based on what the laws are today. The laws have changed, and they might not have written it as specific as to where the laws sit today and you go see them and they're like, "Yeah, we need to adjust this because the language has changed." And those are common things too. They're not expensive adjustments, they're just little things that need to be tweaked to be relevant with the state laws and estate taxes on a regular basis.

Steve Sanduski: Well guys, let me just summarize here if I could. We've gone through a lot of material on the show today. So estate planning, we started off with the definition and then went through a list of some of the things that we need to be thinking about here. So the first is there's four basic documents, first is a last will and testament. Second, is a power of attorney, third is a healthcare directive, fourth is a living will and then some folks may have a fifth piece which could be a variety of different trusts. So that's kind of the basic documents you'd want to have in place for the estate plan. The second key is to make a list of all of your financial accounts and assets.

The third is you want to make sure that you've got all of your beneficiary designations the way that you want on all the different assets that you have to make sure that when you do pass away that your assets are titled correctly, and they go to the people that you think they're gonna do too. And then another one is this idea of the gifting and the estate tax as it relates to gifting. You've got this $14000 dollar annual exemption, that you can give $14000 dollars away to people without it going against you in any negative way from a tax standpoint and then also you were wrapping up here Matt with the importance of reviewing your estate plan on a regular basis every five years or so or if there is another significant life transition that happens that could affect the estate plan so, did I miss anything in there?

Matt Wilson: No, that's great Steve.

Bill Keen: Yeah that's great Steve and as we're wrapping here today I thought of a couple more instances I just wanted to cover quickly. One thing we see is, every so often we'll see someone leave all their money to one of their kids who's the most quote "responsible" thinking that when they pass that, that child will then distribute assets like they want them too, that's a huge red flag. We definitely do not want someone to leave all the money to one child and then hope that they split it up appropriately. There's tax consequences around that, that creates a lot of problems so we highly recommend against that. And then finally as we think about this collectively today, one of things our clients think a lot about their situations but if thy go one step down the chain and they look at the kids, we've seen in several cases Steve where one of the kids later in life goes through a tough divorce and the clients that have worked so hard that we had to build their asset base, they want to make sure they're protected from one of their children getting a divorce and that other spouse truly running off with all the money they worked so hard for, so these concepts we talked about today, they can cover these issues from a myriad of aspects to avoid some of these things that we see.

Steve Sanduski: Yeah and there's a lot of options when it comes to the estate plan with the way that you set up trusts and the way that they pay and when they pay out and to whom they pay out so there's I think, a lot of flexibility in there as well to have things unfold the way that you want them to over time, but it does take an expert. This really needs some expertise in this area and as you mentioned a little bit earlier Bill, great place to start is with a fiduciary advisor like the great folks here at Keen Wealth Advisors that can help quarterback that situation. So guys, I think a great place to wrap up here. Any final thought here Bill or Matt as we wrap up for today?

Bill Keen: The process of planning, it gets your affairs in order and putting your head on the pillow each night knowing that you've got your personal situation handled and if something were to happen to you or if you're married, you and your spouse or your spouse, knowing that your affairs are in order provides a tremendous peace of mind and so, I think we close with that and just knowing that we encourage folks to just engage with these processes and lean into it, do a little bit of the work it takes to get things in line and then anxiety levels can come down and you can enjoy your life knowing that things are in place.

Steve Sanduski: Excellent. All right guys, Bill, Matt, thanks. As always, another great show, great information, great wisdom that we're sharing here. If anybody listening has any questions, make sure you check us out at keenonretirement.com and you can access us there. If you have any questions you can just fill out the form, shoot us a question, we'd love to hear from you as well. So guys, thanks as always, we'll look forward to the next show.

Bill Keen: All right Steve thank you.