Volume 1
Table of Contents

Chapter 1 The Art of Financial Planning 1
- Overview 1
- The Financial and Estate Planner 6
- Staying Ahead of Tax Law Changes 9
- Getting Started: Using Your Clients' Tax Returns 10

Chapter 2 Estate and Client Analysis 19
- Overview 19
- Plan Prerequisites 19
- Encouraging Disclosure 20
- Questionnaires 24
- Planner's Checklist 44
- Constructing a Plan 55

Chapter 3 The Co-ownership of Property 57
- Overview 57
- Evaluating Forms of Ownership of Property 58
- Joint Ownership 59
- Use of Joint Ownership with Special Types of Property 68
- Tenancy in Common 78
- Community Property 79
- Timesharing of Property 82

Chapter 4 Lifetime Gifts to Individuals 85
- Overview 85
- Tax Factors 86
- Basic Strategies in Lifetime Giving 106
- Direct and Indirect Gifts 115
- Gifts in Trust 116

Gifts to Minors 117
Gifts Within Three Years of Death 128

Chapter 5 Charitable Giving 131
Overview 131
Income Tax Deduction for Charitable Contributions 133
Estate Tax Deduction for Charitable Contributions 147
Gifts of Charitable Remainders 148
Charitable Gift Annuities 158
Gifts of Life Insurance to Charity 159
Gifts of Income to Charity—Charitable Lead Trust 162
Contribution of Partial Interests in Property 163

Chapter 6 The Use of Trusts 171
Overview 171
Trusts and Income Taxes 174
Trusts and Estate Taxes 183
Trusts and Gift Taxes 187
Types of Trusts and Special Trust Provisions 188
The Irrevocable Living Trust 188
The Revocable Living Trust 193
The Standby Trust 195
Trusts Created by Will 195
The Pourover Trust 196
Grantor Retained Interest Trust: GRIT, GRAT, and GRUT 198
The Foreign Trust 199
Special Trust Provisions to Provide Flexibility and Safety 199
Trustees—Their Selection, Responsibilities, and Powers 205

Volume 2
Table of Contents

Chapter 7	Life Insurance	1
	Overview	1
	Types of Policies	5
	Life Insurance Investment Yields and the Income Tax	12
	Life Insurance and the Estate Tax	14
	Life Insurance and the Gift Tax	17
	Practical Considerations Affecting Gifts of Life Insurance	18
	Who Should Be Named Beneficiary?	19
	The Insurance Trust	21
	How Much Insurance?	24
	Financed Insurance	26
	Settlement Options or How Insurance Proceeds May Be Made Payable	27
	Replacing Policies in Force	29
Chapter 8	Annuities	35
	Overview	35
	Commercial Annuities	35
	The Private Annuity	43
Chapter 9	Employee Benefits	45
	Overview	45
	Primer on Qualified Retirement Plan Rules	46
	Employee Stock Ownership Plan (ESOP) Opportunities	61
	Individual Retirement Account (IRA) Opportunities	63
	Profit-Sharing Plans	75
	Cash or Deferred (401(k)) Arrangements	77
	Pension Plans	79
	Thrift and Savings Plans	82
	Borrowing from the Plan	82

Group-Term and Group Permanent Life Insurance 83
Death Benefits 87
General Financial Planning Factors for Qualified Plan and IRA Benefits 88
Employee Awards 89
Health Plans 90
Below-Market Loans to Employees 93
Cafeteria Plans 94
Employer-Provided Dependent Care Assistance 96
Code Sec. 132 Fringe Benefits 97

Chapter 10 Transfers Includible in the Estate at Death 103
Overview 103
The Costs of Transfer 104

Chapter 11 Wills 111
Overview 111
What a Will Can and Should Do 112
Will Forms and Provisions 118
Execution of the Will 123
Joint, Mutual, and Reciprocal Wills 125
Instructions and Data Sources Outside the Will 125

Chapter 12 The Marital Deduction 133
Overview 133
Qualifying for the Marital Deduction 134
Qualifying Terminable Interest Property (QTIP) 135
To What Extent Should the Marital Deduction be Used? 139
How to Make a Marital Deduction Bequest 146
Use of Trusts in Marital Deduction Planning 150
Alien Surviving Spouses—Qualified Domestic Trusts (QDOTs) 156
Use of Disclaimers 159
Common Disaster, Survivorship and Equalization Provisions 159

Volume 3
Table of Contents

Chapter 13	Powers of Appointment	1
	Overview	1
	General and Special Powers	2
Chapter 14	Selection and Appointment of Fiduciaries	7
	Overview	7
	Selecting an Executor or Personal Representative	7
	Alternate or Successor Fiduciaries	10
	Selection of Guardians	10
Chapter 15	Post-Mortem Planning	13
	Overview	13
	Income Tax Savings on Decedent's Final Return	13
	Planning for the Estate's Liquidity	17
	Handling Administration Expenses, Casualty Losses, and Estimated Taxes	18
	Selecting the Valuation Date For Estate Assets	23
	Changing the Testator's Plan	24
	Qualified Terminable Interest Property (QTIP) Election	28
Chapter 16	Planning for the Executive	29
	Overview	29
	Executive Compensation	31
	Lifetime and Estate Planning for Executive Benefits	47
	Use of Standard Techniques	55
	Total Financial Counseling for the Executive	57
	The Migratory Executive	58

Chapter 17 Planning for the Professional 61
Overview 61
What Makes the Professional Special 61
Side Businesses 62
Corporate and Noncorporate Practice 62
Problems and Pitfalls in Corporate Operation 66
Planning for Shareholder-Professionals 68
Withdrawal and Expulsion 71

Chapter 18 Closely Held Businesses—Choice of Business Form 73
Overview 73
Tax Factors 73
Nontax Factors 80
Disposition of the Business Interest 80
Conclusions: Evaluating the Choices Among the Available Entities 86

Chapter 19 Planning for the Owner of the Closely-Held Corporation 87
Overview 87
Initially Planning the Business Structure 89
Recapitalization and Post-Organizational Planning 91
Obtaining Money from the Corporation Via Stock Redemptions 92
Using an Employee Stock Ownership Plan in Estate Planning for the Owners 102
Qualifying for Installment Payment of the Estate Tax 103
Keeping the Business in the Family 106
Buy-Sell Agreements—Questions and Answers 107
How Shares in Closely Held Corporations Are Valued 112
Electing S Corporation Status 117
Corporate-Owned Life Insurance and the Estate of a Controlling Shareholder 121

Chapter 20 Planning for the Partner 123
Overview 123
The Family Partnership 125
Family Limited Partnerships (FLPs) 126
Death, Retirement, or Disability of a Partner and Disposition of a Partnership Interest 131
Alternatives for Planning Partnership Successions and Terminations 136
Income in Respect of a Decedent from a Deceased Partner's Interest 139
Valuation of Partnership Interests for Estate Tax Purposes 140
Installment Payment of Estate Taxes 141
Limited Liability Companies (LLCs) 143

Chapter 21	Planning for the Sole Proprietor	145
	Overview	145
	Alternatives Available to the Sole Proprietor	145
	Disposition of the Business Upon Retirement or Death	147
Chapter 22	Planning for the Farmer and Rancher	155
	Overview	155
	Keeping the Property Intact	155
	Minimizing Death Taxes	156
	Liquidity	161
	Income Averaging for Farmers	161
	Providing Equality for Heirs Who Have Left the Farm	162
Chapter 23	Impact of Estate Freeze Rules on Intra-Family Transfers	163
	Overview	163
	Business Valuation Rules	163
	Options and Buy-Sell Agreements	169
	Transfers of Trust Interests	171
	Lapsing Rights and Restrictions	177

Volume 4
Table of Contents

Chapter 24	Planning for Marriage, Divorce, or Separation	1
	Overview	1
	The Premarital Agreement	1
	Special Planning for Subsequent Marriages	6
	Marriage Versus Living Together Outside of Marriage	7
	Divorce and Separation	10
	Alimony	13
	Child Support	16
	Property Settlements	18
	Legal Expenses	23
	Division of Retirement Benefits	24
	Income Tax Return Filing Alternatives	26
Chapter 25	Planning for Nontraditional Couples	29
	Overview	29
	Nontraditional Couples	29
Chapter 26	Planning for the Elderly and Disabled	37
	Overview	37
	The Elderly and Disabled	37
	The Mentally Impaired	41
Chapter 27	Planning for Generation-Skipping Transfers	43
	Overview	43
	Generation-Skipping Transfers	43
Chapter 28	Planning for a Personal Residence	51
	Overview	51
	Purchasing a Home	53
	Home Financing and Interest Deductions	54

	Deductibility of Home Mortgage Interest	59
	Exclusion of Gain on Sale of Residence	62
	Business Use of a Home	66
	Vacation Homes	67
	Capital Improvements to the Home and the Medical Expense Deduction	68
Chapter 29	Medical Care by Proxy	69
	Overview	69
	Planning Devices	69
Chapter 30	College Planning	73
	Overview	73
	Credits for Higher Education Expenses	75
	Qualified Tuition Programs	78
	Interest on Education Loans	82
	Coverdell Education Savings Accounts	83
	Deduction for Higher Education Expenses	87
Chapter 31	Investment and Financial Planning Strategies and Vehicles	89
	Overview	89
	Saving More as a Means of Coping with Low Yields	99
	Tax-Exempt Government Obligations	99
	Like-Kind Property Exchanges	101
	Investments in Securities	103
	Capital Gains Exclusion for Qualified Small Business Stock	105
	Deferral for Investment in Specialized Small Business Investment Companies	107
	U.S. Government Securities	108
	Mutual Funds	110
	Money Market Investments and Strategies	114
	Ginnie Maes, Fannie Maes, and Freddie Macs	115
	Commodities Futures Funds	116
	Original Issue Discount and Zero Coupon Bonds	116
	Stripping Coupon Interest from Bonds	118
	Options as a Gains Hedge	120
	Junk Bonds	122
	Real Estate Investing	123
	Brokerage Accounts	126
	Commissions and Investment Charges	132
	Debt Consolidation	134

Chapter 32 Family Income-Splitting Techniques 137
Overview 137
Unearned Income of Children 138
Transfers That Avoid the Kiddie Tax 140
Transfers to Other Family Members 143
"Defective" Grantor Trusts 143
Gift-Leaseback of Business Property 144
Splitting Business Income with Family 145
Gifts of Property in Anticipation of Sale 146

Chapter 33 Year-End and New Year Tax Planning 147
Overview 147
Planning Methods 151
Year-End Planning for Securities Transactions 153
Year-End Planning Ideas 154
Year-End Planning for Estimated Taxes 155
New Year Planning 155
Understanding and Planning for the 2013 Medicare Tax on Net Investment Income 157

Chapter 34 Maximizing Deductions and Reducing Taxes 161
Overview 161
Exemptions 161
Tax Credits 163
Charitable Contributions 167
Medical Expenses and Insurance 170
Interest 174
Bad Debts 175
Financial Planning, Tax Advice, and Tax-Related Expenses 175
Planning for the Limitation on Deductions for Itemized Expenses 176
Employment Tax 176
Adoption Credit and Exclusion 177

Chapter 35 Social Security Benefits, Medicare, and Medicaid 179
Overview 179
Tax Planning for Social Security Benefits 179
Medicare 183
Medicaid 190
Kinds of Social Security Benefits 192
Computation of Social Security Benefits 194
Avoiding Loss of Social Security Benefits 198
Social Security Planning Issues—Questions, Answers & Case Studies 198

Chapter 36 Asset Protection: Problems, Issues and Opportunities 205
Overview 205
The Forms that Asset Protection May Take 205
Fraudulent Transfers 208
The Use of Asset Protection Trusts 208

Appendix 213
Federal Income Tax Rates, Deductions, Exemptions, FICA and FUTA Taxes 213
Annual Cost-of-Living Adjustments and Dollar Limitations for Employee Trusts 216
Unified Federal Estate and Gift Tax Rates for Tax Years 2010–2012 217
Reg. § 1.72-9 Annuity and Life Expectancy Tables 219
Valuation of Annuities, Life Estates, Remainders, etc. 220
Key Documents and Lists to Have the Client Provide 222
101 (and more) Reasons Why Clients Should Seek Planning Assistance Now 223
Business Succession Planning Checklist 228