



PRE-RETIREMENT PROGRAM

IBEW LOCAL No. 103

LEGAL AND OTHER ISSUES TO CONSIDER WHEN APPROACHING RETIREMENT



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PLANNING/OBJECTIVES

What are your and your family's main concerns?

- Financial Issues
- Tax Avoidance
- Health & Welfare Issues
- Succession

Act only after planning

Be in control and think before you act



ESTABLISH AN ESTATE PLAN

DO YOU HAVE A WILL?

Advantages of a will

- A simple will saves money in probate and administration costs.
- A will is especially important if there are dependents, including adult dependents.
- A will helps you to examine the other issues that affect your entire estate plan such as the need for trusts and other estate vehicles.

REMINDER – YOU CAN ALMOST ALWAYS REVOKE OR AMEND A WILL



DO YOU NEED A WILL?

What Happens if You Die without a Will (INTESTATE)?

Non Probate Assets

- Jointly Owned Property that Passes to the Joint Owner
(examples: Real Estate, Bank Accounts, Autos)
- Named Beneficiary
(examples: Insurance, Pension, Trusts)

Probate Assets

- Generally not Jointly Owned or No Named Beneficiary



Probate Assets Are Controlled by State Law as to Where They Go

What happens if you die without a will?

If you leave a spouse and children

Spouse: $\frac{1}{2}$ of real estate
 $\frac{1}{2}$ of personal property

Children $\frac{1}{2}$ of real estate
 $\frac{1}{2}$ of personal property

If you leave a spouse, kindred (parents/siblings) but no children

Spouse: \$200,000
 $\frac{1}{2}$ remaining personal property
 $\frac{1}{2}$ remaining real estate

Kindred: The remainder

If you leave a spouse and no kindred and no children

Spouse: Everything

If you leave parents and no spouse and no children

Parents: Everything, divided equally to parents

If you leave siblings, but no spouse, no children and no parents

Siblings: Everything divided equally to brothers and sisters with nieces and nephews taking their parent's share if their parents are deceased.

If you leave no spouse, no children, no parents, no siblings, no nieces or nephews:

Next of kin: Divided equally among next of kin

If you leave no next of kin

Everything goes to the Commonwealth or the Soldier's home if you are a member of the home at the time of death.



Reminder – Drafting Your Own Will? Follow the ESSENTIAL FORMALITIES

DO YOU NEED A TRUST?

A Trust Can Be an Important Estate Planning Tool

Depends on Issues such as:

- Size of the Estate
- Potential Tax Issues
- Dependents - especially minors who may become heirs
- You and Your Spouse's Health



With A Trust, You Can Also Control Property After Death or Increase Privacy

Estate Tax and Other Considerations

Federal Estate Taxes

| Year | Exemption Amount/Basic Exclusion Amount | Max. Tax Rate |
|-----------------|---|----------------|
| 2010 | Unlimited | 0% |
| 2011 | \$1.0 Million | 55% |
| 2011 | \$5.0 Million | 35% |
| 2016 | \$5.45 Million | 40% |
| 2017 | \$5.49 Million | 40% |



Estate Tax and Other Considerations

Remember to Consider:

- State Estate Tax (18 States with separate tax)
- Omitted Children
- Spousal Election
- Pre-Nuptial Agreements



Durable Power of Attorney and Gifts

Do you need a Durable Power of Attorney?

- Potentially very powerful document dealing with your finances to be given great care and forethought
- Is specifically overridden by health care proxy for health care decisions.
- May be designed to take effect only if you are incapacitated/disabled
- Generally avoids the need to have a guardian appointed upon incapacity

Gifts

- Family
- Charitable
- Annual Exclusion from Tax (Holding Still at \$14,000/\$28,000)



Understand Revocable v. Irrevocable Decisions

Planning For Health Care Decisions

Health Care Proxy

- Document controls your health care decisions if you are incapacitated
- Almost everyone should have one – many providers require one
- Legal effect is pretty clear and proxy allowed by statute
- Unless incompetent, you may override the proxy decision

Living Will

- Differs from a Health Care Proxy
- Legal impact differs from state to state
- Non binding in Massachusetts

HIPAA Privacy Authorization



Planning For Health Care Decisions

Five Wishes

- Advance Directive recognized in 42 states (currently N.H. requires another form by statute but still helpful)
- Affects existing living wills or durable power of attorney
- www.agingwithdignity.org

Long Term Care

- Important for you and any family members, especially parents
- Review long-term care insurance-it may be expensive but necessary
- Know your asset makeup – by rearranging your assets you may be eligible for programs that will help pay for your long-term care.
- Medicare Planning
- Medicaid Planning

Execute a health care proxy and review whether you need a power of attorney



Income and Financial Planning

Importance of Personal Savings Increasing

- Less than ½ of us have tried to calculate how much is needed for retirement (EBRI)
- 20% of people surveyed are increasing the age they expect to retire. (EBRI-2011)
- According to the Dept. of Labor, 42% of Americans calculated how much they need to be comfortable – 43% of these people then changed their retirement savings plan



Savings and Investing Does Not End at Retirement

Income and Financial Planning

Develop a Personal Financial Plan

- Outline Your Budget – Practical and Realistic Understanding of Your Spending Patterns and Expectations
- Establish, Maintain and Review a Balanced Financial Plan
- Importance of Keeping Records

Plans Can be Complex or Simple – Hire Someone or Do It Yourself



Income and Financial Planning

Do You Need to Hire A Financial Planner?

When and What do You Need to Invest?

- Have Basic Needs Been Financed Before You Invest? (Housing, Insurance, Transportation, Cash Reserves)
- Get Informed – Library, Internet, Local Schools

Hiring Someone to Help

- Qualifications
- Experience
- Education
- Disciplinary Actions
- References to Similar Clients
- Ongoing Training
- **Fiduciary Standards (who do they work for?)**



Income and Financial Planning

Do You Need to Hire A Financial Planner? Helpful Ideas If You Do

Ask: What Do You Sell and How Do You Get Paid?

- Flat Fee
- Commission
- Annual Retainer

Your \$\$\$\$

Spend It, Loan It or Buy Something

Check industry resources

- www.cfp.net - Certified Financial Planners
- www.napfa.org - Personal Financial Planners
- www.finra.org- National Assoc. Securities Dealers
www.sec.gov - Securities and Exchange Commission
- www.sec.state.ma.us - Mass Secretary of State Securities Division
- Brokercheck.finra.org/search/search - FINRA



PLANNING - NEVER TOO LATE

- Review your pension plan(s)/health plan
- Review your beneficiary designations
 - Life/Disability insurance
 - Stock/Bond Certificates
 - Benefit Plans
- Review the deed(s) to your property
- Know the advantages of Homestead protection
- Timing can be important with planning, especially for Medicaid eligibility
- Selection of professionals to help
Attorney/Accountant/Insurance/Financial

PLANNING RESOURCES

Taking the Mystery Out of Retirement Planning

Dept. of Labor - Employee Benefits Security Administration (EBSA)

Contact 1-866-444-EBSA or www.dol.gov/ebsa/

Your Pension and Your Spouse – The Joint and Survivor Dilemma

Published by the International Foundation of Employee Benefit Plans

Contact 1-888-33-IFEBCP or email bookstore@ifebp.org

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YOUR ESTATE PLAN NEEDS UPDATING IF:

- You have gotten married after you signed your Will.
- You have gotten divorced since you signed your Will.
- You want to change beneficiaries, your Executor or your child's guardian.
- You now have minor children who may need Guardians.
- There has been a significant increase or decrease in your wealth.
- You or your spouse (or respective parents) face the prospect of nursing home placement or have serious health issues.
- You are thinking about making large gifts. (For example half ownership of a house) or want to make charitable gifts
- There has been a recent death of a spouse or immediate family member or estrangement of an immediate family member.
- You have moved.
- You have questions about your estate plan or there has been a change in the estate tax laws.
- Your health condition changes.

Plan to Relax!

