



Your Family Matters™

Helping You Protect Your Family.....Today and Tomorrow

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Anna Nicole: A Model for Bad Estate Planning

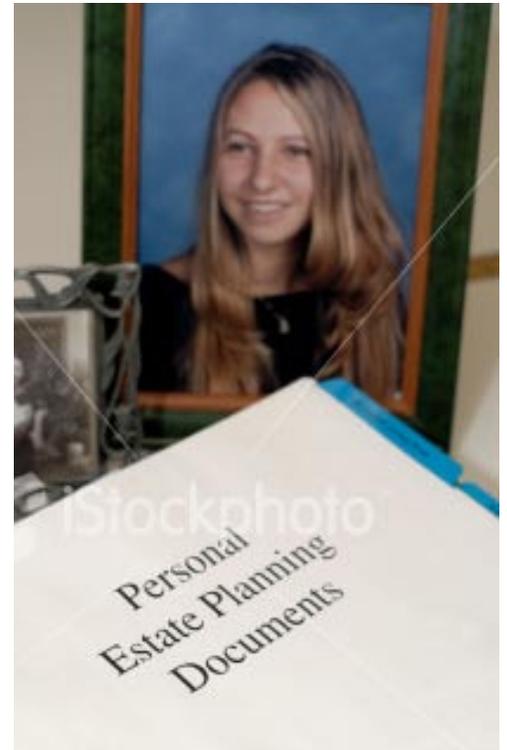
Anna Nicole Smith rose to fame as a model for Guess Jeans and Playboy magazine. Now, her death has given her newfound fame as a great model for terrible estate planning.

Forget the fact that you can't visit a supermarket without seeing gossip about her life and death. When push comes to shove, Anna Nicole, the human being, was a single mother who was embroiled in a bitter legal battle over the estate of her ex-husband, and was suffering from the sudden and unexpected death of her son just three days after the birth of her daughter. When you strip the sex goddess away from the person, her legal situation becomes nearly as tragic as her life. She sadly didn't take proper measures to protect her baby daughter from opportunists finagling to acquire custody in order to have access to her inheritance.

THE TEACHINGS OF ANNA NICOLE

What can we learn from Anna Nicole's tragedy?

Lesson 1: Keep your estate plan current. Anna Nicole's will was prepared in 2001, before she ever conceived of daughter, Dannielynn, both figuratively and physically. The will leaves her entire estate to her son, Daniel, and specifically disinherits any offspring born after the will was signed. Because she never updated the will after her son died and her daughter



was born, the document is invalid and needs to go to probate.

Lesson 2: Hire an experienced attorney. A licensed attorney in the State of California prepared Smith's will. But did he have extensive probate experience? A qualified and savvy attorney would have had the foresight to protect her in the event that she survived her son.

Lesson 3: Select a guardian. It's always a hard decision to make, because no one can raise your children as well as you can.

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So, You Want to Start a Nonprofit?

One of the ways that you can make a difference in the world is by starting your own charity or nonprofit organization. Does this interest you?

DESIRING TO DO GOOD

Nonprofits are growing at a rapid pace. Technology has made it easier to create, share, and manage one. Plus, baby boomers, who've either earned or inherited significant sums of money, are itching to do something worthwhile. But before you go out and save the world, there are certain issues to consider.

IS IT RIGHT FOR YOU?

A nonprofit is just like any other business. To create a successful one, you need to bring to it the same techniques that make any business thrive. First, you must "sell" your idea to donors—just like investors—in order to receive contributions. You may need to work long hours with little or no pay. Fatigue and frustration may overshadow your commitment, unless you know what to expect.

IS THE CONCEPT ORIGINAL?

Second, where will donors come from? There are 2.8 million charities currently in operation. This translates into enormous competition for the funding that's needed to make a nonprofit take off. No matter how great a salesperson you are, you may come up short if potential contributors have their cash earmarked for similar organizations with well-established track records. Nearly three million existing charities



means that it's possible that your idea isn't original. In that case, your charitable urges may be better served by contributing your time and money to an already established and successful organization. (You can research existing nonprofits by visiting guidestar.org.)

GETTING STARTED

If all this doesn't deter your passion to give back, you're ready to begin. Take your first step by drafting a "business plan" to think through the issues. Your financial advisor can

assist you in locating an attorney to help you incorporate as a nonprofit and, if appropriate, become a tax-exempt organization. After drafting a business plan, you should also draft a mission statement to serve as the guiding force for continued inspiration.

Once you've got your business in order, go out and bring your innovation and entrepreneurial zeal to the nonprofit world. It's a great feeling to make a difference. ■

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But it's imperative to select someone. You can always change it later. If Anna Nicole had named her daughter's guardian, the lengthy legal battle for custody that is sure to ensue could have been avoided.

Lesson 4: Plan for death-related items. Very few people enjoy planning for their deaths. Especially if they're young and beautiful, like Anna Nicole was. But if she had taken the time to prepare burial plans, the first phase of her legal battles could have been avoided. (Her mother wanted her buried in Texas,

while her partner, Howard K. Stern, claimed that she wanted to be buried next to her son in the Bahamas, since she had purchased a double cemetery plot.)

Anna Nicole's story is as chaotic in death as it was in her life. She leaves behind a rich legacy of what not to do when preparing an estate plan. Few lives are as complicated than the larger-than-life existence that she led. But by studying her mistakes, you can protect yourself from similar missteps by letting that model be a role model to avoid. ■



Did You Know

Raising a Child Could Break the Bank

According to the Wall Street Journal, it can now cost close to \$1 million to give your child the life that you wished you had had. Here are some numbers that help contribute to that staggering total:

\$ Contributions to 529 Plan from birth to age 17	\$120,780
\$ Treatment for acne during teenage years	\$11,000
\$ Four-week summer camp for 12 years	\$36,000
\$ Backyard Swimming pool to encourage sports	\$60,000
\$ Nike sneakers for 12 years after learning he can't float	\$1,000
\$ Child psychologist for 12 years to calm him down	\$70,200

Source: "The Million-Dollar Kid," by Eileen Daspin and Ellen Gamerman, Wall Street Journal, March 3, 2007



Should Estate Planning be Deferred?

With the estate tax set for repeal in 2010, you may be asking an important question: Should I wait three years to do my estate planning? The answer is emphatically "no!" The time to do estate planning is now.

MORE THAN TAXES

Most professionals will agree that people need estate planning for reasons other than preparing for taxes. These include:

- To protect families in case of disability.
- To protect families from potential creditors.
- To ensure that asset distribution is "fair."
- To protect children's assets from future spouses.

These are all issues of control that impact a family and its wealth. Without a doubt, they're the most important reasons to create an estate plan.

IS PARIS BURNING?

Even though family planning is the most important reason to create an estate plan, estate taxes get all the publicity. It's like Paris Hilton. She gets lots of press, both good and bad. And although most of us don't care about her, she's always in the headlines.

The estate tax is the Paris Hilton of estate planning. While it's the heart and soul of the process and the primary mover in most professional conversations, it's not the most

important consideration for creating a plan. Still, all estate planning publicity is good publicity if it keeps the subject at the top of your mind.

REPEAL OR NOT?

The key questions these days is what will Congress do in 2011? The "applicable exclusion" is currently \$2 million. With proper planning, a family can exempt up to \$4 million from the estate tax. In 2009, the exclusion jumps to \$3.5 million. In 2010, the estate tax will be repealed until 2011, when it reverts back to \$1 million.

DEFERRING THE REPEAL OF THE REPEAL?

Most attempts at modifying the estate tax repeal have failed. However, there's one effort that stands out. Montana Senator Max Baucus proposed to extend the law as it is in 2009 until the end of 2012. Under his proposal, the estate tax exemption would be \$3.5 million per person; the marginal tax bracket would be 45 percent. The gift tax exemption would be \$1 million. While it passed 97-1 in the Senate, it never made it to the House. This indicates potentially overwhelming support to defer the repeal to a later date.

Politically, this could be a great move. But what should you do now? Wait a couple of years until Congress makes up its mind? Of course not!

Plan now. If the law changes, you can amend your planning in the same manner that Congress will amend the law. ■

End-of-Summer Vacation Tips

Labor Day weekend is just around the corner, which means summer is coming to a close. If your summer has been uneventful, it's time to take action. Remember, all work and no play makes Jack a dull boy. If you're looking to fill this Labor Day holiday with some pizzazz, try these ideas on for size:

1. PLAN A UNIQUE GETAWAY. Go somewhere that doesn't act as a constant reminder that a report is due on your boss's desk early next week. Consider relaxing in a cottage in the woods, waterskiing outside a lake house, or playing tennis at a resort.

2. VISIT A CASINO. Allow yourself to be caught in the casino "rush." Enjoy a couple of drinks, attend a few shows, and walk the strip. Vegas and Atlantic City can offer a

fun-filled weekend, even if you don't like to gamble.

3. HOST A DINNER ON THE BEACH.

If you've got the blahs at the beach, spice it up with a party—simple or themed. Spend quality time with family and friends in a festive mood or with a sumptuous barbeque.

4. RELAX ON A CRUISE. End the summer on a refreshing note. There are deep discounts for last-minute travel to the Florida Keys, Cozumel, and the Bahamas. Be sure to check the hurricane forecast before you pull out your credit card. ■

Start the new fall season off with a clean slate.

Relax, get away from business, and treat yourself well. Try something new, or do what you know works. Either way, take advantage of what the last bit of summer has to offer. And leave the laptop at home!