

INSIDE THIS ISSUE...

- Welcome to Thomas H. Denman, Attorney at LawPg. 1
- Real Estate Closings & Trust Tax ReturnsPg. 1
- Family Members Need Planning TooPg. 1
- 2019 Tax & Rate Contribution ChartPg. 2
- Closing Down (Settling) A Trust Is Not A Do-It-Yourself ProjectPg. 2-3
- E-Mail Addresses, Digital Copies of Your Documents, & Referrals to other LawyersPg. 3
- Properly Manage Your On-Line EstatePg. 4



Kiselstein Franckowiak Law Group

NEWSLETTER

Trusts, Estates, Taxes & Asset Protection - A Problem Solving Law Firm

Kiselstein Franckowiak Law Group Welcomes Thomas H. Denman, Attorney

We are pleased to announce that **Thomas H. Denman** has joined the firm. Tom has focused his practice on estate planning, tax planning, trust and estate administration, and business formation, for more than 20 years. Tom started his own firm in 2002 and worked on his own until joining us. He has worked with a wide variety of clients, ranging from young couples who have just had their first child, to large, complex estates. In 2008, in order to provide total 360 degree care to his clients, Tom self studied for and passed the Certified Financial Planner™ (CFP) exam.



Tom also brings new experience into KFLG. With his 20 years of experience and his advanced law degree (LL.M.) in taxation he offers advanced estate tax planning and tax planning/tax return preparation for Trusts. Tom also offers our clients services in real estate transactions (buying and selling). Tom believes in planning for the future even though it may be uncertain. His goal is to be sure that his clients are prepared for any reasonable contingency and have an estate plan that provides them peace of mind.

Tom earned his B.A. from Claremont-McKenna College and his J.D. and LL.M. (in tax) from The John Marshall Law School. He is a member of the North Suburban Bar Association. He resides in Wilmette with his wife, Kathy, two daughters Celia and Ella, and their dog, Rubik.

We Can Now Handle Your Real Estate Buys/Sells And Your Trust Income Tax Returns

As mentioned above, Tom Denman is uniquely qualified to handle the sale of your home from your Trust or the purchase of new real estate by your Trust. This really makes the process of buying or selling much smoother. The telephone calls and e-mails between the real estate attorney and our office will disappear. It is common that the real estate attorney you choose, knows nothing about your Trust. He/she may request copies of your Trust from you (or us), ask questions such as “what is the tax ID number of the Trust” or “is the Trust revocable or irrevocable”. These issues don’t exist when the attorneys who created your Trust(s), also handle the real estate sale or buy. We can make the process move more quickly and take many of the “bumps out of the road”.

Tom also has an advanced law degree called an LL.M. This degree was earned after his law degree, and is called a Masters of Law in taxation.

Estate Planning Is Not Only For the Elderly or Rich...

Everyone Needs An Estate Plan

We want your children and your brothers and sisters to join our “family” of clients. Certainly, if they have children, they should at least have a Will and if they own their own home they should have a Trust. They need to protect their families from Probate and create a distribution plan for their children, in the event something happens to them. Anyone over 18 should also have Powers of Attorney (POA’s) for Health and Property. They need these Powers of Attorney to manage health and financial issues in the event of disability and without the intrusion of the Guardianship Court. You cannot legally gain access to their bank accounts or medical information, if they are age 18 or over and they don’t have valid Powers of Attorney. We continue to provide a 10% courtesy to family members.

If family members schedule an appointment before September 30th, the courtesy will increase to 15%.

He is experienced in preparing federal and state income tax returns for a late spouse's Trust, when it becomes an irrevocable Trust or for your children's Personal Asset Trusts (PAT's). This type of tax return is called a 1041. As in real estate transactions described above, the process of preparing that tax return is smoother when the attorneys who prepared your late spouse's Trust (or the PAT), also prepare the tax return for the Trust. The numerous calls and e-mails that commonly occur between the CPA and our office between January and April 15th disappear and preparing the return is a much easier process.

2019 Tax and Other Rates

TAX OR EXEMPTION	AMOUNT	CONTRIBUTION LIMITS	AMOUNT
Annual Gift Exclusion	\$15,000 per person	401(k), 403 (b), & 457 Plan Annual Contribution Limit	\$19,000.00
Federal Estate Tax Exclusion Amount	\$11,400,000 per person (for now)	401(k), 403(b), and 457 Plan Over age 50 "Catch-Up" Extra Contribution Limit	\$6,000.00
Illinois Estate Tax Credit	\$4,000,000 per person	Roth IRA/IRA Annual Contribution Limit (may be limited by higher income)	\$6,000.00
Estate Tax Rate Illinois	Varies from 15% to 28.5% on excess above \$4,000,000	IRA & Roth IRA Over Age 50 Contribution Limit with "Catch-Up" (may be limited by higher income)	\$7,000.00
Estate Tax Rate Federal	40% on excess above \$11,400,000		
Income Tax Rate on Irrevocable Trusts	37% on income over \$12,750.00	Maximum Contribution to Health Savings Accounts (HSA's) (add \$1000 if over age 55)	\$3500 for singles and \$7000 for families

Closing Down (Settling) A Trust, Is Not A Do-It-Yourself Project

A properly funded Trust will avoid Probate, however it doesn't operate on "cruise-control". There are a number of legal steps that you as the surviving spouse or your children, following the last spouse's death, must take to ensure that your objectives are met. Failure to do so, can result in a legal and /or tax nightmare. Some trouble spots to look out for:

IRA's and Employee Retirement Plans: IRA's, 401(k)'s, 403(b)'s, and Annuities, all of which are complex tax-deferred instruments, can cause **big problems**. Distributions from these instruments taken by the beneficiary and "paid out", result in taxable income. Once the distribution is taken, it is irreversible and cannot be put back. The following April 15th, the surviving spouse or the child may have a huge tax bill to the IRS. This is not the end result you wanted when you worked so hard to accumulate your retirement plan savings. There are specific regulations that allow a "tax-free" spousal roll-over or a tax reducing "stretch-out" to your beneficiaries. If the IRA custodian or retirement plan administrator is not given the proper instructions after death of the retirement plan owner, these great tax savings benefits are often missed. If your Trust is the beneficiary of your IRA after your spouse has died (or if you're single), the issue is more complicated due to the nature of the sub-trusts that must be established with the financial institution to ensure maximum tax savings. And if that isn't complicated enough, there is pending legislation in Congress **right now**, that will most likely change all of the existing distribution regulations.

Taxes After Death: If you and your spouse have created separate Trusts for each spouse, your deceased spouse's Trust becomes a new *irrevocable* taxable entity after 1st spouse's death. This was done for several good reasons. This means that you must file your usual Form 1040 for the IRS and IL, as well as a Form 1041 tax return for your late spouse's Trust. After 1st spouse dies, you cannot merely move everything from the late spouse's Trust, into the surviving spouse's Trust. You don't need to! In almost all cases, you are the beneficiary and Trustee of your late spouse's Trust and have full control, use, and enjoyment of that Trust. You **must** however, keep the assets in each Trust separate and apart (unless you qualify for a special "Settlement Agreement" under IL law—we have discussed this procedure in previous newsletters). Closing the late spouse's Trust and transferring all assets to surviving spouse's Trust can cost your children tens and even hundreds of thousands of dollars in taxes after 2nd spouse's death. We have seen it occur too many times.

The above items are only a few of the issues that commonly arise in settling a Trust after death. We have settled hundreds of Trusts and tackle many of these issues. In **most** cases, the Trust is divided and distributed without any issues. We can't guarantee that everyone will get along after you're gone, however, we can assure you that if you or your successor Trustee meets with us after the death of a spouse or parent, we will competently guide you or them through the maze of the Trust administration process. Our goal is to get you or them through the distribution process as quickly as possible, as peacefully as possible, and with the lowest possible expense. Please let your successor Trustees know that we are here (particularly if you have created PAT Trusts for your beneficiaries), so that we can meet with them and provide the guidance needed to properly settle your Trust and accomplish your goals.

Meet Our Interns

We believe educating our clients, including our younger generations, is essential for proper estate planning. We have partnered with the internship programs at Prospect and Maine West High Schools. In our process to protect the environment, and streamline our services, our interns have been in the process of creating a paperless office.



We Want to Update Your File To Include E-Mail Addresses!

When you initially came to our office to prepare your estate plan, you provided us with the addresses and telephone numbers of your children and Successor Trustees. We have found that phone numbers and addresses become outdated while e-mail addresses tend to stay the same...even when people move! When necessary, we can contact your children and Trustees faster and easier if we have their e-mail addresses. Please call us at 847-670-8200 (24 hours) and give us the e-mail addresses of your children and/or Successor Trustee or e-mail your name and the e-mail addresses to our client relations facilitator at Terri@trustmelaw.com. You may want to copy your children or Successor Trustees on the e-mail you send to Terri to introduce them to our office so that they have our contact information and are familiar and comfortable with us when they need our services. E-mails tend to be more accurate than phone calls, eliminating errors and misspellings.

Would You Like A Digital Copy of All Your Estate Planning Documents?

We are happy to announce that now we are able to provide our clients with all of their estate planning documents on our new KFLG Flash Drives! If you would like a digital copy of your estate planning documents, we can send them to you on a flash drive, which you can save to your home computer or laptop. It also allows you to e-mail *selected* documents to the individuals you have appointed to help administer your estate during your incapacity (this is privileged information so you must exercise caution in selecting the documents and to whom you send them). We are offering these descriptive flash drives for \$150. If you would like a digital copy of your estate planning documents, please call our office at 847-670-8200 or e-mail your request to our practice manager, at Terri@trustmelaw.com.

Referrals To Other Attorneys for Other Legal Issues

Years of experience have allowed us to focus on the legal services we are great at (estate planning and estate administration) and to concentrate only with those services, to best serve our clients. Being in the legal industry for so long, however, (over 40 years) we have had the pleasure of working with many other competent, ethical, and experienced attorneys that concentrate their practices in just about every other area of law.

We understand that it can be difficult to know where to start when hiring the right attorney. If you are looking for an attorney referral in other areas of law such as family law (divorce, guardianship, and adoptions), employment, bankruptcy, criminal, personal injury, or medical malpractice, please call us! We will happily provide you the names of attorneys that concentrate in those areas and who have the same client focused approach to solving legal problems, as we do.

KISELSTEIN FRANCKOWIAK LAW GROUP
 930 East Northwest Highway
 Mount Prospect, IL 60056
 847.670.8200

*“Trusts, Estates, Taxes, and Asset Protection....
 A Problem Solving Law Firm”*

Presorted First Class
 U.S. POSTAGE
PAID
 Permit #583
 Schaumburg, IL 60173



Annual Newsletter
New Federal Tax and State Law
Information Enclosed

COMING IN OCTOBER

Free Educational Seminar for You and Your Successor Trustee(s)
 How to Close and Distribute a Trust

Register at our website trustmelaw.com – space is limited

You Need To Properly Manage Your On-Line Estate

Most people have at least one e-mail account. Today we have auto-debit payments of our insurance premiums and other bills, on-line bill payments, an Amazon account, Facebook, Linked-In, You Tube, E-Bay, or Twitter accounts, airline miles account, hotel points account, on-line bank statements, electronic statements from your investment broker, back-up storage to the cloud, an Apple account of some type, smart phone, and the list goes on and on. What will happen to these password protected accounts and devices when you die or if you are disabled? A new Illinois law called RUFDA (Revised Uniform Fiduciary Access to Digital Assets Act) allows your Trustee, Executor, and the person appointed on your Power of Attorney, to obtain access to all these accounts and other “digital assets” without violating the law. These “assets” need to be disposed of, deleted, closed, or even distributed. Because of strict federal and state privacy regulations, you must specifically give your consent in your Trust, Will, or Power of Attorney. You must legally provide to the persons you have appointed in your estate planning documents, the legal authority to manage digital assets and electronic communications in the same manner they will manage your tangible personal property and financial accounts. If your Trust was not prepared or amended in the last year, contact us **immediately**, so that we can discuss the inclusion of these necessary powers in your Trust, Will, and Power of Attorney for Property.

Celebrating Our 30th Anniversary in 2020

Visit our educational Website at www.trustmelaw.com