



Welcome

Estate Planning Myths Webinar

How To...

Protect Your Assets at Death

and

Keep All Life, Health and Financial

Decisions Within YOUR FAMILY



My Goal...

Broad Overview
Educational
Easy to Understand



Who Will This Help?

- No planning - beginning your journey
- Have documents – complete / up to date?
- Complete, up-to-date estate plan



What Makes This Unique?

Investment Adviser Representatives offer investment advisory services through FSA Advisors (FSAA) and Independence Capital Company, Inc. (ICC), member FINRA, SIPC. Registered Representatives offer securities through ICC. Annuity and insurance products offered through Financial Services of America (FSA). FSA, FSAA and ICC are separate entities which are each independently owned and operated.



Holistic Advisors Know Your

- Investments
- Taxes
- Insurance
- Estate Plan





MARK KERSTEN

Senior Vice President
FINANCIAL SERVICES OF AMERICA

- 20 Years - Guest Speaker for Non-Profit Educational Events
- Chartered Retirement Planning Counselor SM
- 28 Years Retirement Planning Experience
- Fiduciary Planning Team



The presenter is NOT a licensed attorney. No legal advice will be given during this presentation.
Always consult with a licensed attorney regarding estate planning questions.



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ABOUT FSA

Founded 1984

21,000 Families

Servicing \$2 Billion

Over 100 Team Players

1 Goal – World Class Service



For over 20 years, our team of professionals have helped tens of thousands better understand their estate planning options.

**We Didn't Build Our Business
By Providing a Poor Experience**



For Joining Us Today

Free Estate Planning Supplement...



- ✓ Electronic Format
- ✓ Financial Power of Attorney Info
- ✓ Medical Power of Attorney Info
- ✓ Serving as Power of Attorney
- ✓ Successor Trustee Info



BEN VADER

MANAGING LAWYER

THE LAW OFFICES OF BENJAMIN T. VADER, PLLC



- Elder Law
- Estate Planning and Probate
- Estate and Trust Litigation
- Super Lawyers Rising Star (Elder Law)
2015 and 2020
- FSA and LOBV Are Independently
Owned and Operated

 LAW OFFICES OF
BENJAMIN T. VADER, PLLC

Today's Agenda

- I. Common Mistakes
- II. 4 Estate Planning Myths
- III. Real Life Examples



“Knowledge gained through experience is far superior and many times more useful than bookish knowledge.”

Mahatma Gandhi

Seen a Lot of Things Done Right...



Seen a Lot of Things Done WRONG...

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Doing This For 28 Years...



- Complex
- Confusing
- Stressful



Many Discover This the HARD Way...

You Get the Easy Way!



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Percentage of Adults with a Will



2020 survey by Caring.com

- 18-34 Years Old: **16.4%**
- 35-54 Years Old: **27.2%**
- 55+ Years Old: **47.9%**



3 Estate Planning Alternatives



Intestate

Government Created
Simple – No Action
Probate Court
1 - 3 Years Possible
5 - 15% Fees Possible
Public Process



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Will

Individually Created
Simple to Create
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1 Year Typical
3 - 10% Fees Possible
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Living Trust

Individually Created
More Complex Than a Will
May Avoid Probate
Minimal Time
Minimal Fees
Private Process



3 Estate Planning Alternatives

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Will A, B & Z

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Living Trust A - Z

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PQ2

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Special Offers

- ✓ FREE Estate Plan Review
- ✓ Special Rates to Update Estate Plan
- ✓ Super Special Rates to Create Estate Plan



The Hard Way...



Mistakes people make:

- **Mistake #1:** Procrastinate: uncomfortable topic, unsure of options, misinformation



The Hard Way...



Mistakes people make:

- Mistake #1: Procrastinate: uncomfortable topic, unsure of options, misinformation
- **Mistake #2:** Choose the wrong type of plan for what they want/need



The Hard Way...



Mistakes people make:

- Mistake #1: Procrastinate: uncomfortable topic, unsure of options, misinformation
- Mistake #2: Choose the wrong type of plan for what they want/need
- **Mistake #3:** Don't fully understand the process of their plan



The Hard Way...



Don't fully understand the process of their plan:

1) Wills vs joint assets



The Hard Way...



Don't fully understand the process of their plan:

- 1) Wills vs joint assets
- 2) **Living trusts: creation AND funding**



The Hard Way...



Don't fully understand the process of their plan:

- 1) Wills vs joint assets
- 2) Living Trusts: creation AND funding
- 3) **Maintenance: family, assets, laws**
 - 1) HIPAA
 - 2) Michigan Estate Recovery
 - 3) SECURE Act



Holistic Advisors Know Your

- Investments
- Taxes
- Insurance
- **Estate Plan**



4 Estate Planning Myths



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MYTH #1

I can wait to do my estate plan. I have plenty of time before I die.



Reality

- **One in five 50-year olds will die before they reach age 70**



Reality

- One in five 50-year olds will die before they reach age 70
- One in five adults will become disabled for at least 90 days before retirement



2 Components of Estate Planning

- I. What happens to your “stuff” after you die?



2 Components of Estate Planning

- I. What happens to your “stuff” after you die?
- II. Who makes decisions if you are still alive, but incapacitated?



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- II. Who makes decisions if you are still alive, but incapacitated?

* Naming guardian for minor children / special needs



Powers of Attorney

- Financial and Medical



Powers of Attorney

- Financial and Medical
- Keep important decisions regarding your life, health and finances within your family



Powers of Attorney

- Financial and Medical
- Keep important decisions regarding your life, health and finances within your family
- Covid-19 - anyone can become infected



Alarming Statistics

- **63% of Adults Do NOT Have a POA**
- **54% Over Age 65 Do NOT Have a POA**

July 5, 2017, Perelman School of Medicine at the University of Pennsylvania



MYTH #2

I'm not a millionaire. I
don't need an estate plan.



Reality

- Everyone Needs Powers of Attorney



Reality

- Everyone Needs Powers of Attorney
- **Michigan Small Estate Process:**
Probate Court not involved, or only a little bit



Reality

- Everyone Needs Powers of Attorney
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2021 - Estate must be valued at \$24,000 or less

-Wills do NOT avoid probate-



Disadvantages of Probate

- **Time** - 6 months to several years (1 year)
- **Costs** - 3% to 10%
- **Public** - Anyone has access
- **Stress** - Months/years of probate while others inquire about when they will get their share



MYTH #3

Everything is owned jointly or has beneficiary designations, so I don't need a plan.



Reality

- Beneficiaries = Death - Useless If Incapacitated



Reality

- Beneficiaries = Death - Useless If Incapacitated
- Joint Ownership (non-spouse) Can Be Bad
 - Loss of Control, Unintended Distributions, Lawsuits, Judgments, Liens, Bankruptcy



Reality

- Beneficiaries = Death - Useless If Incapacitated
- **Joint Ownership (non-spouse) Can Be Bad**
 - Loss of Control, Unintended Distributions, Lawsuits, Judgments, Liens, Bankruptcy
 - **NO fiduciary obligation**



CASE STUDY...Capital Gains

Purchase Price (Cost Basis) = \$50,000

Unrealized Gain = \$200,000

Current Value = **\$250,000**



CASE STUDY...Capital Gains

Purchase Price (Cost Basis) = \$50,000

Unrealized Gain = \$200,000

Current Value = **\$250,000**

Tax If Sold =

Realized Gain = \$200,000

x 15%

\$30,000



CASE STUDY...Capital Gains

Purchase Price (Cost Basis) = \$50,000

Unrealized Gain = \$200,000

Current Value = \$250,000

Tax If Inherited Correctly =

Stepped-Up Cost Basis = **\$250,000**



CASE STUDY...Capital Gains

Purchase Price (Cost Basis) =	\$50,000	
Unrealized Gain =	\$200,000	
Current Value =		\$250,000
Tax If Inherited Correctly =		
Stepped-Up Cost Basis =	\$250,000	
Realized Gain =	\$0	
	x 15%	\$0



Holistic Advisors Know Your



- Investments
- **Taxes**
- Insurance
- Estate Plan



MYTH #4

I already have a plan,
so I'm all set.



Reality

- Reasons to Review Your Plan
 - Changes to Assets, Family, Laws



Reality

- Reasons to Review Your Plan

- Changes to Assets, Family, Laws

- Trust Funding Mistakes:

- “Until you transfer ownership of your property to your trust, the trust is not worth any more to you or your beneficiaries than the paper it’s printed on.”*

Wills and Living Trust Product Report - AARP



TRUST FUNDING

Some Assets Should Be:

- Owned by trust



TRUST FUNDING

Some Assets Should Be:

- Owned by trust
- Funded into trust by POD/TOD/beneficiary designation



TRUST FUNDING

Some Assets Should Be:

- Owned by trust
- Funded into trust by POD/TOD/beneficiary designation
- Kept out of trust:
 - Trusts can **NOT** own IRAs
 - Trusts can be the beneficiary of IRAs
 - Trusts generally are **NOT** the beneficiary of IRAs - tax issues



TRUST FUNDING

Some Assets Should Be:

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CONFUSING?



TRUST FUNDING

Some Assets Should Be:

- Owned by trust
- Funded into trust by Rollover/beneficiary designation
- Kept out of trust:
 - Trusts cannot own IRAs
 - Trusts can be the beneficiary of IRAs
 - Trusts generally should NOT be the beneficiary of IRAs - tax issues

FREE FUNDING REVIEW



Holistic Advisors Know Your

- Investments
- Taxes
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CASE STUDY...Family Home

- Single Ownership – probate after death, Estate Recovery Act



CASE STUDY...Family Home

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- Joint Ownership w/ Spouse – probate after second death, Estate Recovery Act



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- Joint Ownership w/ Adult Children – gift / tax issues; creditor, judgment, lien, & bankruptcy issues; loss of control



CASE STUDY...Family Home

- Single Ownership – probate after death, Estate Recovery Act
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- Joint Ownership w/ Adult Children – gift / tax issues; creditor, judgment, lien, & bankruptcy issues; loss of control
- **Titled to Trust – Medicaid spend-down issues vs. Estate Recovery issues**



MICHIGAN ESTATE RECOVERY

What is Estate Recovery?

The Federal government requires state Medicaid programs to seek recovery from the estates of certain deceased beneficiaries who have received benefits from a state Medicaid program.

https://www.michigan.gov/mdhhs/0,5885,7-339-71547_4860_56113_58553---,00.html



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What is Estate Recovery?

The Federal government requires state Medicaid programs to seek recovery from the estates of certain deceased beneficiaries who have received benefits from a state Medicaid program.

Who is Subject to Estate Recovery?

Estate Recovery only applies to Medicaid beneficiaries who:

- are 55 years of age or older; *and*
- have received long-term care services anytime on or after September 30, 2007.

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What is an Estate?

An estate includes all property and other assets that pass from a deceased beneficiary to his/her heirs through a probate proceeding.

https://www.michigan.gov/mdhhs/0,5885,7-339-71547_4860_56113_58553---,00.html



MICHIGAN ESTATE RECOVERY

“A properly drafted “Lady Bird” deed, when combined with the appropriate estate plan, can protect the family home from both the Medicaid “spend down” process and the Michigan Estate Recovery process. Not having these documents properly drafted could result in you, or your beneficiaries, being forced to sell the family home.”

Benjamin T. Vader, Elder Law Attorney



UNINTENDED CONSEQUENCES

Robert W. retitled deed to himself and 3 adult Children

Reasons: avoid probate, ensure children cannot sell house without his consent, save money on lawyer



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What if his 3 children don't agree on what to do?



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Reasons: avoid probate, ensure children cannot sell house without his consent, save money on lawyer

Unintended Consequences:

What if his 3 children don't agree on what to do?

What if one of his 3 children dies/divorces/is incapacitated?



PER STIRPES vs PER CAPITA

Per capita- All members of a beneficiary category receive an equal share. If a beneficiary dies before you, the remaining beneficiaries share everything equally.



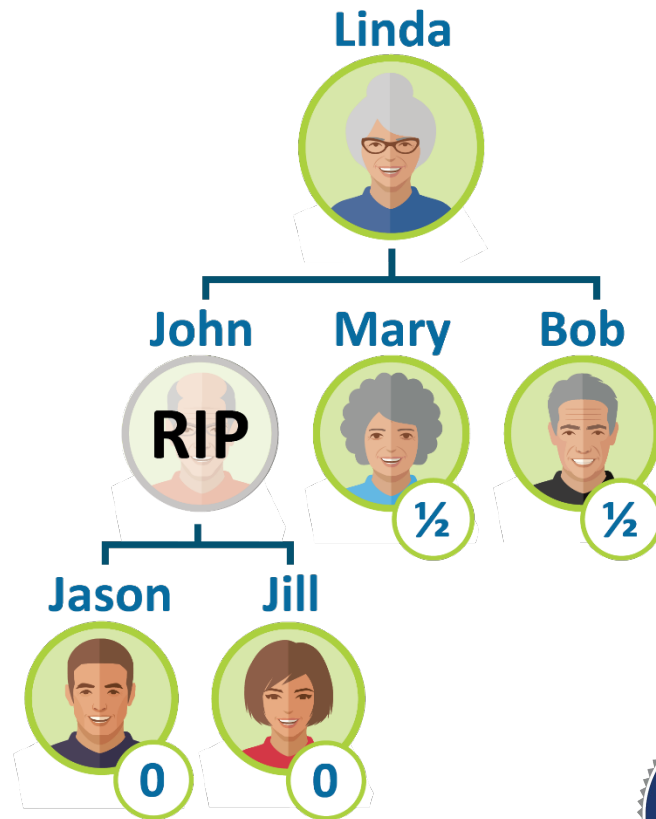
PER STIRPES vs PER CAPITA

Per capita- All members of a beneficiary category receive an equal share. If a beneficiary dies before you, the remaining beneficiaries share everything equally.

Per stirpes - Uses a generational approach. If a beneficiary dies before you, then that deceased beneficiary's share would pass on to that person's children in equal parts.



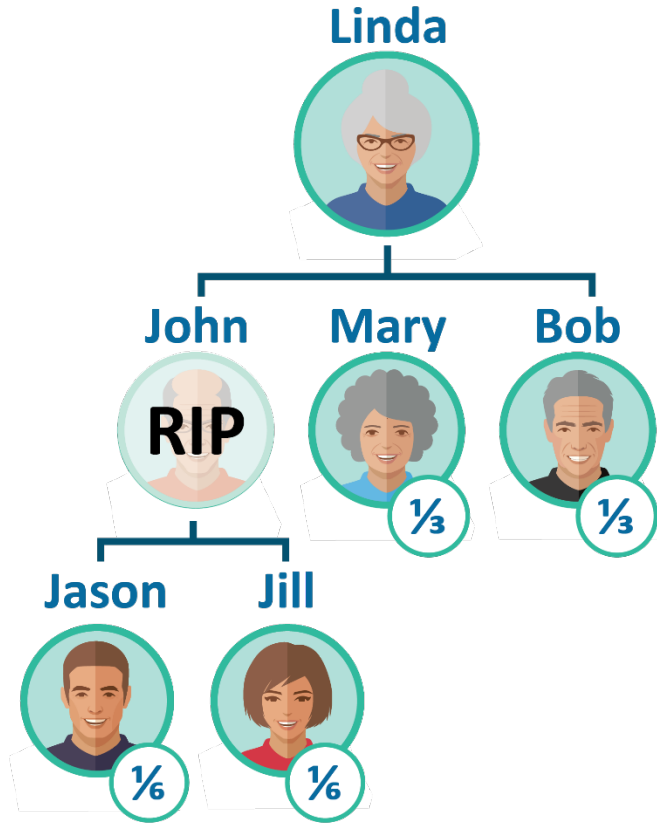
TO CHILDREN PER CAPITA



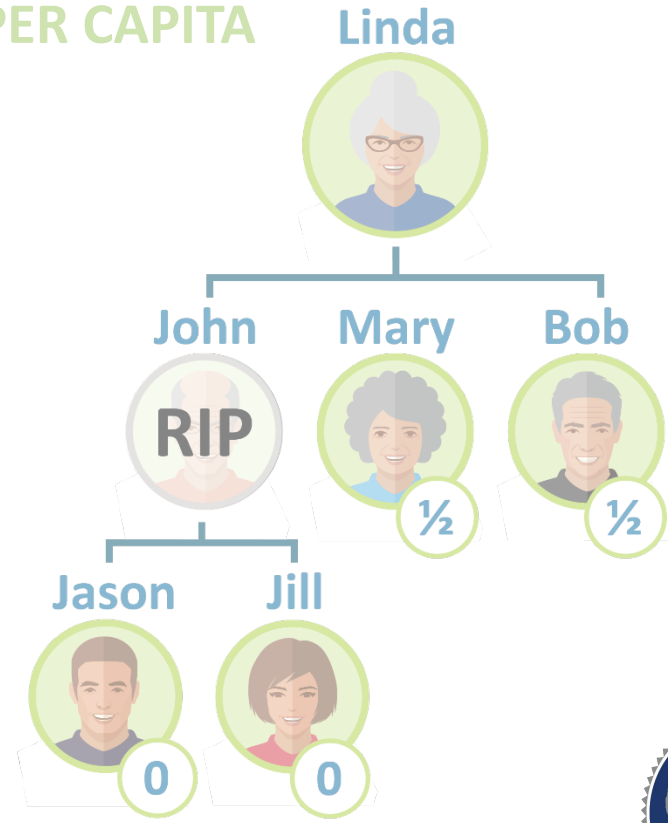
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PER STIRPES



TO CHILDREN PER CAPITA

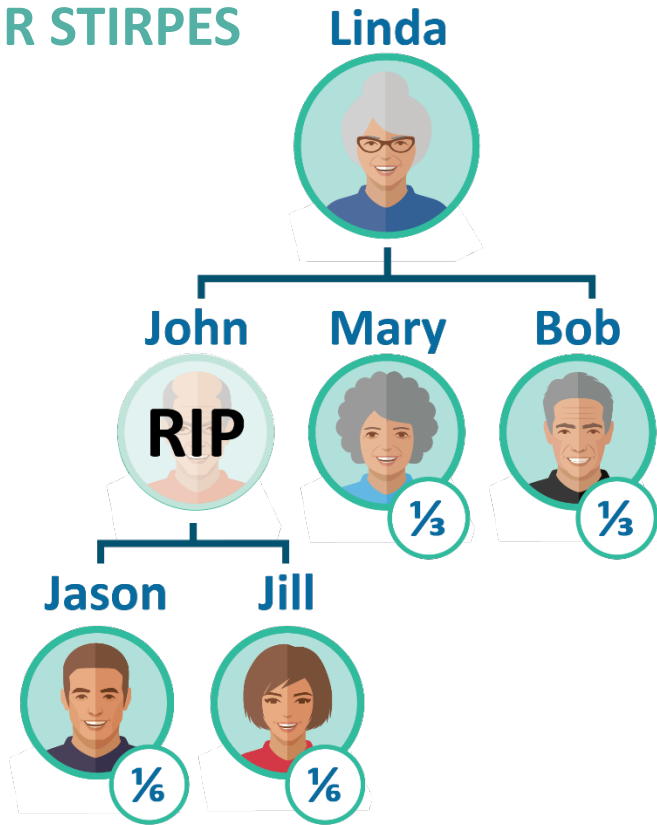


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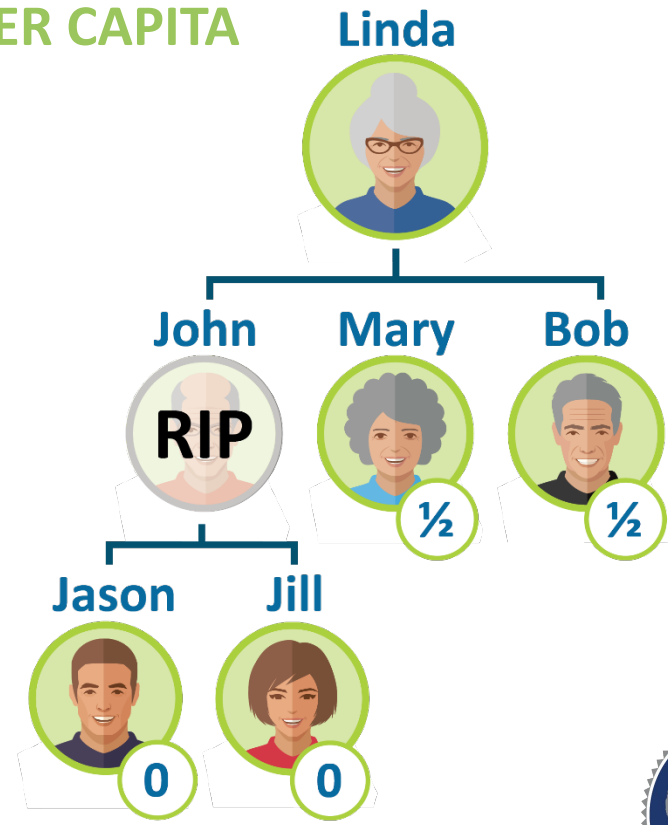
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PER STIRPES



TO CHILDREN PER CAPITA



PQ3



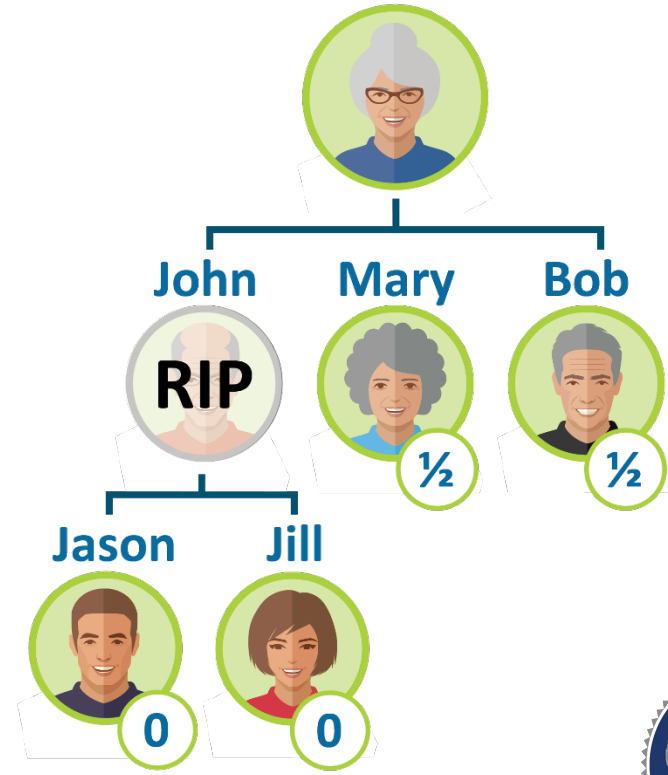
PER STIRPES

Linda



TO CHILDREN
PER CAPITA

Linda



DEFAULT
OPTION



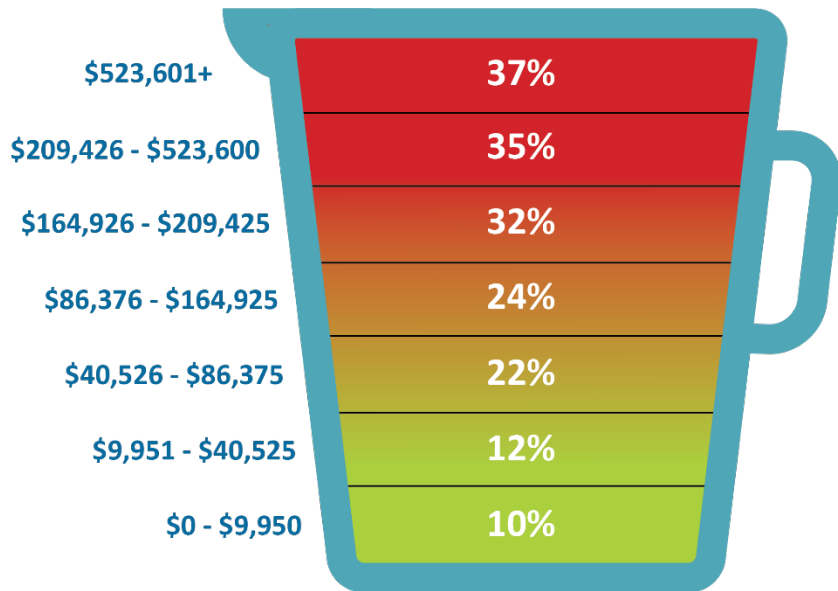
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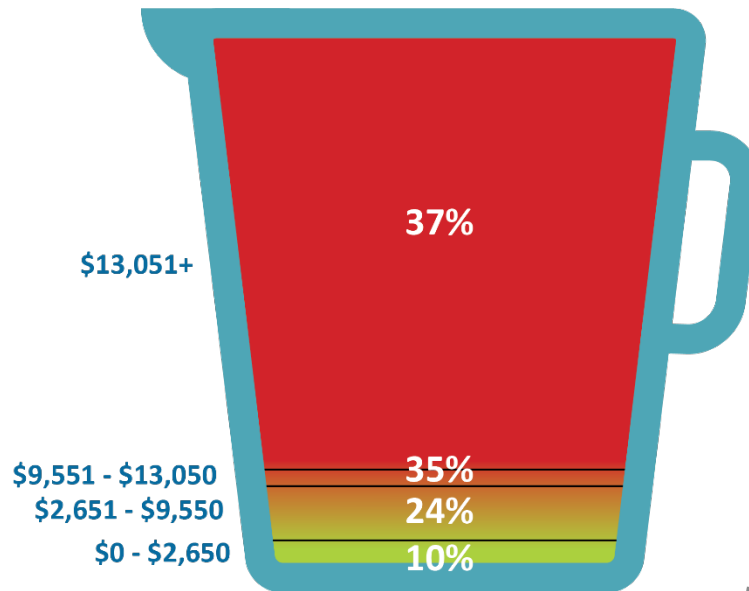


INCOME TAX RATES 2021

Single Rates



Trust Rates



SUMMARY

- EVERYONE Needs a Plan (reviewed every 3 years)



SUMMARY

- EVERYONE Needs a Plan (reviewed every 3 years)
- Your Estate Plan Is ONE Component of a Holistic Retirement Plan



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- Per Stirpes (Desired) vs Per Capita (Default)



SUMMARY

- EVERYONE Needs a Plan (reviewed every 3 years)
- Your Estate Plan Is ONE Component of a Holistic Retirement Plan
- Unintended Consequences of a Bad Plan
- Per Stirpes (Desired) vs Per Capita (Default)
- **Procrastination Is Your Biggest Enemy**



Typical Estate Plan

- ✓ Living Trust
- ✓ Pour-over Will
- ✓ Health Care Power of Attorney
- ✓ Power of Attorney for Assets
- ✓ Living Will
- ✓ Nomination of Guardian
- ✓ Property Deed
- ✓ HIPAA Authorization
- ✓ Funding Instructions



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THE PAST 45 MINUTES...

- Time Well Spent So Far?



THE PAST 45 MINUTES...



- Time Well Spent So Far?
- **Can't Cover Everything in a Webinar**



THE PAST 45 MINUTES...



- Time Well Spent So Far?
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- **Special Offer - You WILL Get Everything You Need**



THE PAST 45 MINUTES...



- Time Well Spent So Far?
- Can't Cover Everything in a Webinar
- Special Offer - You WILL Get Everything You Need
- **Act Fast – A Very Special Offer!**



What You're Going To Get...

- ✓ **Estate Planning Guide** (Successor Trustees and POAs)



B LAW OFFICES OF
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What You're Going To Get...

- ✓ **Estate Planning Guide** (Successor Trustees and POAs)
- ✓ **Free Estate Plan Review**



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- ✓ **Free Estate Plan Review**
- ✓ **Discount to Create/Update Estate Plan**



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Typical Estate Plan

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Typical Estate Plan Cost

- ✓ Living Trust
- ✓ Pour-over Will
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- ✓ Power of Attorney for Assets
- ✓ Living Will
- ✓ Nomination of Guardian
- ✓ Property Deed
- ✓ HIPAA Authorization
- ✓ Funding Instructions

**Michigan =
\$1,600**



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Your Estate Plan Cost

- ✓ Living Trust
- ✓ Pour-over Will
- **\$895 (single)**
- ✓ Health Care Power of Attorney
- ✓ Power of Attorney for Assets
- **\$995 (couple)**
- ✓ Will
- ✓ Nomination of Guardian
- ✓ Property Deed
- ✓ HIPAA Authorization
- ✓ Funding Instructions



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Get Your Free Review and Other Bonus Offers NOW!

Click The “CLAIM MY OFFER” Button



BONUS #1

Additional Estate Plan Discount



\$795 Single
\$895 Couple



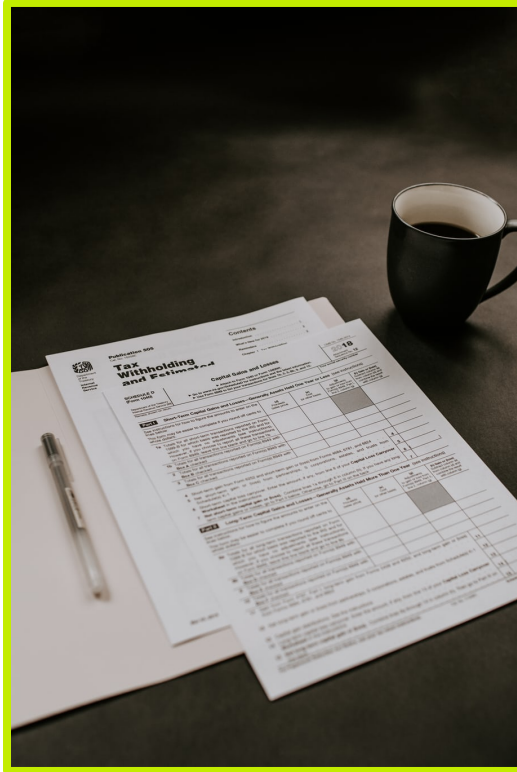
*Available if you book a follow up appointment after
Wednesday when exiting this webinar.*

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BONUS #2

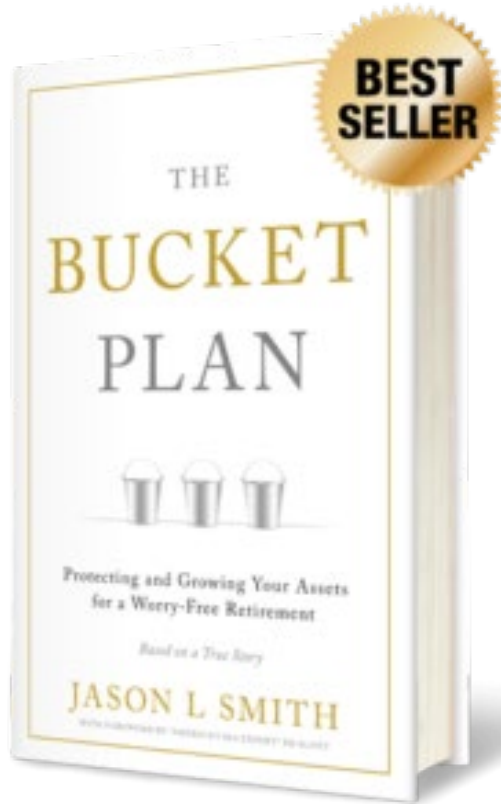
Free Review: '18 & '19 Tax Returns



NOTE: This Bonus For First 5 People Only!



BONUS #3



The Bucket Plan[®] Book

***Protecting and Growing Your Assets
for a Worry-Free Retirement***

NOTE: This Bonus for First 5 People Only!



Get Your Free Review and Other Bonus Offers NOW!

Click The “CLAIM MY OFFER” Button



What You Get...

- Estate Planning Guide (LOBV - \$9.95 Value)
- Free Estate Plan Review (LOBV - \$300 Value)
- Special Estate Plan Price (LOBV - \$200 Value)
- Free Funding Review
- BONUS #1: Additional Discount (LOBV - \$100 Value)
- BONUS #2: 2 Years Tax Return Review (FSA - \$100 Value)
- BONUS #3: The Bucket Plan® Book (FSA - \$22.95 Value)

Click
"CLAIM MY
OFFER"

Get Started Now: <https://fsa1.com/nextstepskersten>



FREE REVIEW

NO CONTACT OPTIONS

- 1) Scan and email
- 2) Drop off (Warren, MI)
- 3) Pick-up documents *limitations apply*



WHAT'S NEXT

DOCUMENTS TO REVIEW

- 1) Click “CLAIM MY OFFER”
- 2) Schedule free 20-minute phone / video appt
- 3) Discuss your review options
- 4) Discuss your situation



WHAT'S NEXT

NO DOCUMENTS TO REVIEW

- Click “CLAIM MY OFFER”
- Schedule a free 20-minute phone / video appt
- Discuss your situation
- Discuss how to begin your estate planning journey at the special rate!



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MARK KERSTEN

Senior Vice President
FINANCIAL SERVICES OF AMERICA

586-690-4288

mkersten@fsa-1.com

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