

Planning Points

The Karp Law Firm, P.A. *"Your Peace of Mind is Our Priority"* 2012 Annual Newsletter

Message From Mr. Karp

In my profession, it is essential to keep an eye on Wall Street, Washington and Tallahassee. What happens there can profoundly impact my clients' plans to preserve their assets and protect their families. Little progress was made in 2011 to resolve clients' continuing concerns, and with the upcoming election, 2012 promises more of the same. We will continue to monitor developments. To ensure you receive updates, please alert us to any changes in your address, email or other contact information by phoning one of the numbers below or emailing UpdateMyInfo@karplaw.com. Our monthly e-newsletter also provides timely news delivered directly to your email box. To subscribe, go to our website, www.karplaw.com, and click the subscribe link.



The past year did serve up one piece of superb news: Our troops came home from Iraq. Our returning veterans deserve our care and respect. The thousands who never returned deserve our gratitude and remembrance.

Wishing only excellent news for you and yours in the coming year. All the best,



Power of Attorney Update

Your Durable Power of Attorney is an essential part of your estate plan. It is a powerful legal tool that allows an agent(s) to manage your financial affairs. In the hands of an honest agent, the Durable Power of Attorney can minimize disruption to your family and keep the court out of your affairs. In the hands of an unscrupulous one, it can become a tool to defraud you. To provide the public with more robust protection from untrustworthy agents, Florida recently revised its Durable Power of Attorney law. The new law applies to any Durable Power of Attorney executed on or after October 1, 2011.

Florida now classifies certain powers of the agent as "superpowers."

The new law does not impact an otherwise valid Durable Power of Attorney signed before October 1, 2011. If you are a client of our firm and signed your Durable Power of Attorney before that date, it is not necessary to take any action right now. Your document remains valid, although you may wish to revise it at some future date. If you signed your Durable Power of Attorney on or after October 1, 2011, rest assured that the document we prepared for you conforms to the new law and meets all the new signing requirements.



THE KARP LAW FIRM

A Professional Association

Elder Law • Estate Planning & Administration • Probate • Disability, Special Needs, Medicaid & Veterans Benefits Planning

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Toll Free (800) 893-9911 Web: www.karplaw.com Email: klf@karplaw.com

Here are the highlights of the new law:

1. Florida now classifies certain powers of the agent as “superpowers.” One example is the ability to make gifts from the principal’s funds. As a safeguard against potential wrongdoing by an overreaching agent, each superpower you grant to your agent must be specifically listed in a distinct section within the document. You must also initial each of those sections.
2. Any Durable Power of Attorney signed on or after October 1, 2011 is an “immediate” power; i.e., valid as soon as you sign the document. The “springing” power of attorney, which gives an agent authority only when the principal becomes incapacitated, is no longer permitted (unless it was signed before October 1, 2011).
3. Financial institutions must now honor a photocopy or electronic copy of the Durable Power of Attorney just as they do an original, if the document was signed on or after October 1, 2011. This change makes it easier for your agent to conduct business. Unfortunately, it also makes it easier for someone to use an outdated copy of the document to defraud you. In the event you revoke your Durable Power of Attorney, you should notify your financial institutions and your agents. As an additional safeguard, you may also wish to record the revocation with the Clerk of the Court in the county where you reside. □



The Karp Law Firm blog was named one of the **TOP 25 blogs nationwide** in the area of estate, probate and elder law! Check out our Florida Elder Law & Estate Planning blog: **www.karplaw.blogspot.com**

Considering Retirement? Get Social Security Savvy

It's a fact: The average person spends more time planning a weeklong vacation than planning his retirement! Surely your retirement strategy deserves at least as much attention, particularly in light of today's difficult economic climate. Very few of us have fixed pensions. Portfolios have yet to rebound from the recession. Making your money last through your retirement years is a formidable challenge.

Most people approaching retirement do not know that they can choose how and when to collect benefits.

Despite ongoing talk of cutbacks, Social Security will likely be an important source of income for tomorrow's retirees. Surprisingly, most people approaching retirement do not know that they can choose how and when to collect benefits. Nor do they understand that those choices have long-term ramifications. For example, you and your spouse can opt to collect benefits before, at, or after full retirement age. You can choose to work after full retirement age.

Strategies may be used to coordinate your Social Security with other sources of income or with your spouse's benefits. Making smart choices can maximize your overall benefits.

The options and rules are complex. **If you are not yet receiving Social Security**, Steven Levine, President of Karp Financial Services, can assist you in determining how to best coordinate future benefits with your overall retirement strategy. For a free consultation, contact Mr. Levine at 561-626-1130. □



Elections are when people find out what politicians stand for and politicians find out what people will fall for. –Alfred E. Neuman

THE KARP LAW FIRM CLIENT WORKSHOP OPEN ONLY TO OUR CLIENTS!

Update: What You Need to Know About Estate & Gift Taxes & Medicaid Law

Attorneys Joseph S. Karp, Genny Bernstein, Adele S. Harris, Rachel G. Zetouni

Get the Most Out of Your Existing Annuities and Life Insurance: Learn How They Can Provide for Tax-Free Long-Term Care Protection

Elaine Marvin, Regional Vice President, One America Insurance Company

Ideas to Enhance Your Income Portfolio

Deborah Bigler, Executive Director, Carey Financial

How to Get More Out of Your Fixed Income Portfolio

Steve Levine, President, Karp Financial Services

2875 PGA Blvd., Suite 100, Palm Beach Gardens, FL 33410

Securities and Investments Advisory Services Offered Through NEXT Financial Group, Inc. member FINRA/SPIC
Karp Financial Services, Inc. is not affiliated with NEXT Financial Group, Inc.

Coffee and Pastry Available



HOW TO MAKE RESERVATIONS

This Event is Open Only to Clients of The Karp Law Firm!

Seating is Limited.

Reservations are Required and First Come, First Serve.

Choose the session you want to attend:

Port St. Lucie Tues., Feb. 14, 2012 10:00 a.m. to 11:30 a.m. Port St. Lucie Holiday Inn 10120 S. Federal Hwy. (North of PSL Blvd)	Boynton Beach Wed., Feb. 15, 2012 10:00 a.m. to 11:30 a.m. Courtyard by Marriott 1601 N. Congress Ave. (corner Gateway&Congress)	Palm Beach Gardens Thurs., Feb. 16, 2012 10:00 a.m. to 11:30 a.m. Palm Beach Gardens Marriott 4000 RCA Blvd. (east of I-95, south of PGA)
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Send us an email or call us to request your reservation:

Email (preferred):
RSVP@karplaw.com

Phone:
Boca to Delray: (561) 752-4550, Ext. 131
Boynton to Tequesta: (561) 472-7470
North of Tequesta to Ft. Pierce: (772) 343-8411, Ext. 131

Include this information in your request:

1. The session you wish to attend.
2. The full name of everyone who will attend. Please spell.
3. The total number of people who will attend.
4. Your daytime phone number WITH AREA CODE.

We will email or call you to confirm availability!

Using Veterans Benefits to Age In Place

Understandably, most of us would like to “age in place” at home, amid familiar surroundings. Achieving that goal often requires at-home help. Other people may find the round-the-clock care and social opportunities of assisted living to be a more attractive option. The cost of both types of care (as well as nursing home care) may be defrayed by Veterans Aid and Attendance benefits. To qualify, you must be a veteran or widow of a veteran, meet certain asset and income criteria, and your dates of military service must coincide with certain wartime periods. However, you are not required to have a service-connected disability, as so many veterans mistakenly believe.

Effective December 1, 2011, maximum V.A. Aid and Attendance benefits increased. See our website for the latest numbers. If you require private duty nursing care, assisted living or nursing home care, consult with our attorneys to determine what benefits may be available to you. □



Certified Public Accountant Rebecca Maglio of The Karp Law Firm can assist you with your tax returns, whether or not you are a client of our firm. To discuss your needs, contact Ms. Maglio as follows:

Email:

RMaglio@karplaw.com

Telephone:

Direct 561-472-6066

Palm Beach Gardens 561-625-1100, ext 109

Boynton Beach 561-752-4550, ext 109

Port St. Lucie 772-343-8411, ext 109

Toll Free 800-893-9911, ext 109

Tangible Personal Property

By Adele Harris, Attorney

Florida law allows you to create a separate writing that lists your personal property and whom you want to inherit each item. This Tangible Personal Property List must be referenced in your Last Will. The form must be signed and dated. We give each estate planning client a blank form and encourage its completion. A thoughtful Tangible Personal Property List can prevent ugly family disputes and limit court involvement in what would otherwise be a smoothly settled estate. For example, I am handling an estate that divides assets equally between two sons. Among their late mother’s personal effects is a large collection of military medals, which she failed to include in her Tangible Personal Property List. One son wants to sell it and split the cash; the other considers it to be a family heirloom and insists on keeping it. Their conflict has delayed the closing of the estate; gotten another lawyer involved; and required appraisals and re-appraisals that have drained funds from the estate. Of course, the ultimate negative is the bruised sibling relationship. Hopefully their disagreement is a bump in the road, not the start of an ongoing rift.



Why do clients who recognize the importance of estate planning nonetheless give short shrift to the Tangible Personal Property List? Often they are stumped over who should get what, and assume the kids will just work it out equitably when the time comes. The truth is, it is almost always better for **you** to work it out for them, in advance. Second, people tend to believe that the only personal property that really matters is the kind with an obvious price tag; for example, jewelry. But as the example above illustrates, your family may value sentimental items just as much or more. Those items deserve a place on your Tangible Personal Property List, too. □



Sometimes I think the surest sign that intelligent life exists elsewhere in the universe is that none of it has tried to contact us.—Bill Watterson, “Calvin and Hobbes”

Kudos & Community

ATTORNEY JOSEPH KARP...

- Was named one of Florida's Legal Elite by *Florida Trend Magazine*.
- Was named a Florida SuperLawyer by *SuperLawyers Magazine*.
- Was quoted in the *South Florida Business Journal* in an article about Baby Boomers and long-term care insurance.

ATTORNEY ADELE HARRIS...

- Presented a program to parents of special needs children at the Catholic Archdiocese of Palm Beach County's Special Needs Resource Fair.
- Distributed parent handbooks to local libraries and schools in her capacity as Special Needs Parent Ambassador for the Drive4Rebecca organization.
- Taught *Probate: From Start to Finish*, a course sponsored by the Institute for Paralegal Education.
- Presented an educational program on Medicaid benefits and Power of Attorney rules to social workers, chaplains and other staff at Treasure Coast Hospice.

ATTORNEY GENNY BERNSTEIN...

- Participated in the St. Lucie Bar Association's *Ask The Lawyer* event.
- Presented *Estate Planning 101 for Women* to members of Temple Beth El, Port St. Lucie.
- Spoke about changes in the law to staff members of American ElderCare in Delray Beach.

CIVIC, CHARITABLE, EDUCATIONAL EVENTS:

The Karp Law Firm:

- Co-sponsored *Savor the Flavor*, an event benefiting New Day Adult Day Care Center.
- Conducted three educational Breakfast Seminars attended by over 200 case managers and social workers. Thank you to Chatsworth Palm Beach Gardens, Forest Lake Fort Pierce and Homewood Residence Delray Beach for hosting these events.
- Provided information and answered questions for attendees at the annual Alzheimer's Educational Conference.

Attorneys and staff:

- Participated in Passionately Pink for the Cure Day, raising funds for the Susan G. Komen Foundation for breast cancer research.
- Raised funds for the Alzheimer's Association at the Palm Beach and Port St. Lucie Memory Walks.
- Participated in the Big Brothers/Big Sisters bowling fundraiser sponsored by the Association of Legal Administrators.
- Assisted youngsters at the Bowling Fundraiser benefiting Palm Beach County Special Olympics.
- Donated children's holiday gifts in honor of Attorney Karp to the Association of Legal Administrator's Salvation Army Angel Tree Project.



Memory Walks



Special Olympics

Do-It-Yourself is a Don't!

By Genny Bernstein, Attorney

Thriftiness is a virtue, but if it leads to do-it-yourself estate planning, it can be a liability. I recently met with a gentleman who used a do-it-yourself legal website. Selecting options from the online menu, he “customized” his Last Will. But here he was in my office, worried that the document might not protect his family as he wished. Would I reassure him that all was in order? As it turns out, I could not. His “cut-rate” Will was exactly that: It cut out his wife of 40 years! Had he predeceased her, she would have incurred thousands of dollars in legal fees and considerable stress to set things right. I prepared a new Will, and now he and his wife are properly prepared for the future.



Each client's situation is unique and usually more complex than he realizes.

Another example of thrift gone awry: One of our seminar attendees came in for a consultation. I reviewed her documents and noticed she had created a Durable Power of Attorney from an office supply store form. She was shocked when I told her it was useless, since it was not executed with the formalities required by law. Had she become disabled before the error was discovered, a costly guardianship proceeding would likely have been needed to allow someone to manage her affairs.

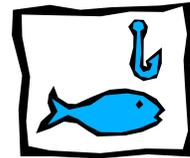
Rarely does a do-it-yourself plan meet your needs. Each client's situation is unique and usually more complex than he realizes. There is ample room for error. When errors are discovered, in life or after, any “savings” evaporate. Red Adair, the renowned oil field firefighter said, *The only thing more expensive than hiring a professional is hiring an amateur.* Some things just can't be done on the cheap. Leave your estate planning to a professional! □



Life is 10% what you make it, and 90% how you take it. –Irving Berlin

Little Fish Now, But Wait...

The federal Unified Gift and Estate Tax Exclusion is now \$5.12 million per person. That makes most people “little fish” who will not get caught in that tax net. At least, not this year. In 2013, Uncle Sam's net may be bigger, and today's “little fish” may be “big fish,” tax-wise.



Beginning January 1, 2013, the estate tax exclusion is slated to drop to \$1 million per person. The top tax rate will rise from its current 35% to 55%. The gift and estate tax exclusions will no longer be unified. The current portability provision enabling a person to claim the unused portion of his spouse's exemption will disappear, too. Congress may prevent this from happening—if it passes alternative legislation. That is a huge **IF**. Our lawmakers hardly agree on anything these days—remember the Deficit Super Committee? Factor in Uncle Sam's need for revenue and the unsettled political climate surrounding the election, and predictions are just about impossible.

What should you do now? There are no easy answers. If you have a taxable estate now or are likely to have one next year if the current law lapses, consider removing taxable dollars from your estate by making gifts this year, while the generous \$5.12 million exemption still exists. (Note that the annual gift exclusion is still \$13,000 per person to as many people as you desire.) If you are married and have a Spousal Option Trust, you are well-positioned to take advantage of whatever the tax situation is next year. If you are a married couple and have a Credit Shelter Trust in place, you may find yourself needing it next year. Your asset allocations will probably have to be recalibrated at that time, too. Watch our website and blog; we'll post the latest developments as soon as we know them! □

Take Care of Long-Term Care

We've all heard about people whose savings have been wiped out by a spouse's long-term care expenses. This is a big worry for many Americans, and their anxiety is justified. According to the 2011 Mature Market Institute Survey of Long-Term Care Costs, the average daily rate nationwide for a private room in a nursing home is \$239, or just over \$87,000 annually. Long-term care insurance continues to be your best defense against this scenario. However, securing a good policy at a reasonable premium is not as easy as it once was. Companies have become more conservative in their underwriting, and fewer companies are issuing policies.



But there is a solution. Today there are annuities and life insurance policies that offer riders that will pay for long-term care expenses. If you have an existing annuity or life insurance policy, you may be able to have your cake and eat it too. Exchanging an existing policy for one of the new policies may allow you to have long-

term care protection at little or no additional cost to you. In addition, there are tax benefits if long-term care is paid for by the new annuities and life insurance policies. It is prudent to act now in order to secure the most cost-effective policy. To explore your options, consult with your financial advisor, or call Steven Levine, President of Karp Financial Services, at 561-626-1130.

If your health, age or pocketbook prevent you from securing a policy, tapping into Florida Medicaid benefits is probably the only thing standing between you and financial catastrophe. As with long-term care insurance, the sooner you create a plan for securing Medicaid benefits, the larger a percentage of your assets can be preserved. With the guidance of our Certified Elder Law Attorneys, many people who thought they would never qualify have secured benefits more quickly than they thought possible. Consult with our attorneys who will analyze your specific situation and advise you accordingly. □

Your Health Care Power of Attorney

By Rachel Zetouni, Attorney & Family Nurse Practitioner

Mrs. Smith calls us in a panic from the emergency room, where her unconscious father has just been admitted after a fall. The doctors want to know if he has a Health Care Power of Attorney. Is she his surrogate? Who is? We don't get too many calls like this, thank goodness. But we get enough to warrant reminding you that your Health Care Power of Attorney is only as useful as it is accessible! Once you've signed it, distribute copies to your health care agents and your medical providers, and let everyone know where the original is. Discuss your health care and quality of life desires with your named surrogates. If you are the adult child of an aging parent and do not have this information, ask your parent about it — gently, of course.



Here's another good idea: Make a list of the medications you take, keep it updated and furnish a copy to your agent. Virtually every visit to a doctor or hospital requires you to report the medications you currently take. Getting this information into the hands of your health care surrogate can help you receive appropriate care in a medical emergency. □



Education is when you read the fine print; experience is what you get when you don't.
—Pete Seeger

Stay in the Loop!

Don't wait for our annual newsletter to get the news!
Find out the latest developments anytime online:

Karp Law Firm website: www.karplaw.com

Florida Elder Law & Estate Planning Blog:
www.karplaw.blogspot.com

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FREE Senior Survival Workshops

Are you or a loved one a resident of Florida? Get the facts every Florida resident should know to protect himself, his family, and his assets. Attend one of our FREE Senior Survival Workshops. Check our website or call our office for the schedule and locations. Tell your neighbors and friends about these informative sessions. And feel free to pass along this newsletter, too!



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