

Everyone needs an estate plan

Preparation ensures your money goes where you want it to

By Alan Macher

"What most people don't realize is that an estate plan already is in place for them — that 'estate plan' being the state of Florida," said Lawrence A. Greenberg, director and senior private banker at Citigroup Private Bank in Palm Beach.

If you die intestate — without a will — Florida has a series of laws in the probate code that determine how your property will be distributed.

To avoid this "involuntary estate plan," as Greenberg calls it, everyone should — at the very least — have a will prepared.

"Otherwise, even if it is not a large estate, whatever you've acquired throughout a lifetime might end up going to people you don't want to have the property," he said.

Joseph Karp of The Karp Law Firm in Palm Beach Gardens, Boynton Beach and Port St. Lucie gives a real-life example of how things can get sticky when the court intervenes because there is no will.

Before he died unexpectedly, a man promised his current (and second) wife that "she would be taken care of" if he died prematurely. But there were complications: Besides no will, all of the assets were in his name only, and there was a minor child from his first marriage.

As decreed by state law, the court ruled that his wife was entitled to only homestead rights on their home — she could reside in it during her lifetime, but the minor child was awarded ownership of the home. In addition, monies were divided equally between his wife and his minor child, after she received the first \$20,000.

"Without a will, we will never know what this man intended," Karp said. "Maybe he would have distributed his assets similar to the way the court decided, or maybe not."

Greenberg, who also is president of the Florida East Coast Council of the National Association of Estate Planners and Councils, deals mostly with high-net-worth clients at the Citibank office on Royal Palm Way. But his messages are for everyone.



For those in Florida who die without a will, the state decides how your estate is divided.

For example, some people might say, "Well, I really don't have an estate." But Greenberg points out that they're forgetting that their home, along with insurance, bank accounts and securities, are all part of the estate. He recommends that everyone go to a qualified estate-planning attorney or a bank or trust company with staff specialists in estate planning.

For those with significant assets, proper estate planning can minimize, or even eliminate, estate taxes that heirs otherwise would have to pay. With the federal estate-tax deduction at \$1 million per person, proper planning can shelter up to \$2 million in assets from estate taxes for a couple, Greenberg said.

"Without proper planning, you could still have an estate-tax bill despite the deduction," he said.

Another important aspect of estate planning, Greenberg said, is the use of a trust.

"A trust can save on taxes, and it can protect the interests of family members," he said.

He cites situations where a particular family member is not good with handling money, or perhaps someone wants to protect money for children from a first marriage, or a spouse from a second.

"Trusts are useful when you have different family members from different marriages," he said.

As you might imagine, Greenberg, who works for a bank, is a strong believer in naming a financial institution as a trustee or co-trustee. But he has reasons.

Banks are subject to stringent internal and external audits, are insured, and "there's no chance for shenanigans," Greenberg said.

Typically, the estate-planning process begins with a meeting with family members. The size and title of assets are determined, the family's goals are explored, and any unique situations are discussed. Then recommendations are made and documents prepared.

"It's important to recognize that estate plans can be changed as family situations and wealth changes," Greenberg said. Codicils can be added to wills, amendments attached to trusts, or entirely new documents drawn up.

"People don't like to think about death or dying," said Greenberg, who has 30 years of experience in estate planning. "But if you think about an estate plan as a way to benefit the living relatives — after you pass away — then it's not a negative, it's a positive."