

ESTATE PLANNING FOR PHYSICIANS

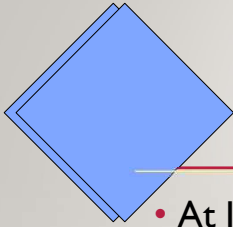
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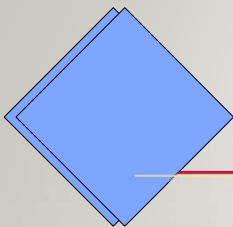
WHAT IS AN ESTATE?





PLANNING FOR YOUR ESTATE

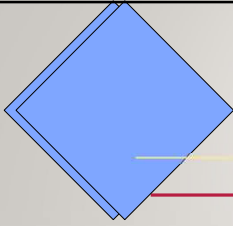
- **At Incapacity**
 - Control Assets
 - Medical Decisions
- **From Outside Attack**
 - Creditors / Lawsuits / Divorce
- **After Death**
 - Control Who Receives Assets
 - Pay Minimum Legal Fees, Taxes



PLAN FOR PEOPLE, NOT FOR MONEY

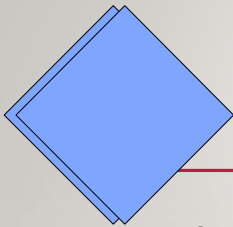
- We plan to protect *ourselves* and the *people we love*
- We do this by making decisions and taking action to put in place the legal documents and entities necessary to support our choices
- The concern is for the benefits wealth provides to you and your loved ones, not the wealth itself
- Your plan must fit you and your family's unique circumstances





PLANNING GOALS

1. I want to *control my property* while I'm alive and well
2. I want to take care of myself and my loved ones if I become incapacitated, *retaining the most control I can*
3. I want to give what I have to *whom I want*, the *way I want*, and *when I want*
4. I want to *maintain my privacy* and *avoid court control* of my affairs
5. I want to *save every tax dollar, professional fee, and court cost possible*, and I want my property legally protected from creditors and lawsuits

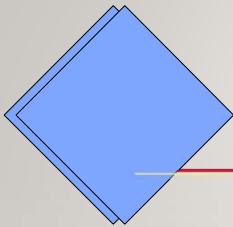


PLANNING TOOLS

- Core Estate Plan
- Wisconsin's Injured Patients and Families Compensation Fund
- Insurance
- Advanced Planning
- Asset Protection Planning

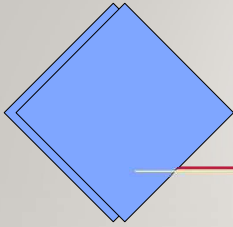


CORE ESTATE PLAN REVOCABLE LIVING TRUST



CORE ESTATE PLAN DOCUMENTS

- Revocable Living Trust - Funded
- Health Care Powers of Attorney and Living Will
- Financial Powers of Attorney
- Marital Property Agreement
- Pour-Over Will
- Additional Supporting Documents



TYPES OF TRUSTS

- Revocable and Irrevocable
- Living and Testamentary
- REVOCABLE LIVING TRUST



**GRANTOR
(You)**



**Creates &
Controls Trust**

TRUSTEE



Manages Trust

**SUCCESSOR
TRUSTEE(s)**



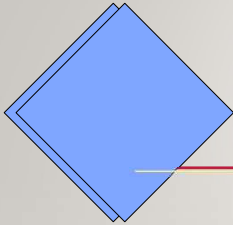
Steps in for Trustee

BENEFICIARIES



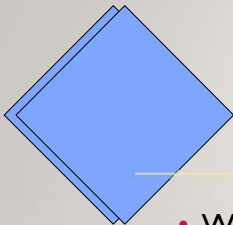
Enjoys the Assets





REVOCABLE LIVING TRUST

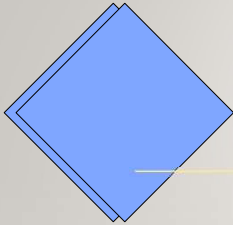
- A Carrying Case or Container for Your Property
- With an Instruction Book Written by You
- Trust Must Own Your Property For Your Instructions to Apply; BE SURE TO FUND
- Process: Write Instructions for Care of Yourself and Family (1) During Lifetime, (2) at Incapacity and (3) at Death, then Fund Trust



TAX USES FOR A REVOCABLE LIVING TRUST

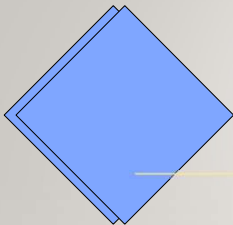
- We used to do a lot of planning to avoid the estate tax
 - It is a transfer tax levied on the transfer of assets from one person to another person when the first person passes away
 - There is an exemption amount
 - Think of it as a coupon, how much you can transfer to people when you die without having to pay an estate tax
 - In WI, it used to be only \$675,000
 - Federal exemption used to be \$1,000,000
 - Exemption amount is now so high, we rarely have to worry about it
 - WI no longer has an estate tax
 - Federal exemption is now close to \$14,000,000 per person (close to \$28,000,000 for a married couple)





NON-TAX USES FOR A REVOCABLE LIVING TRUST

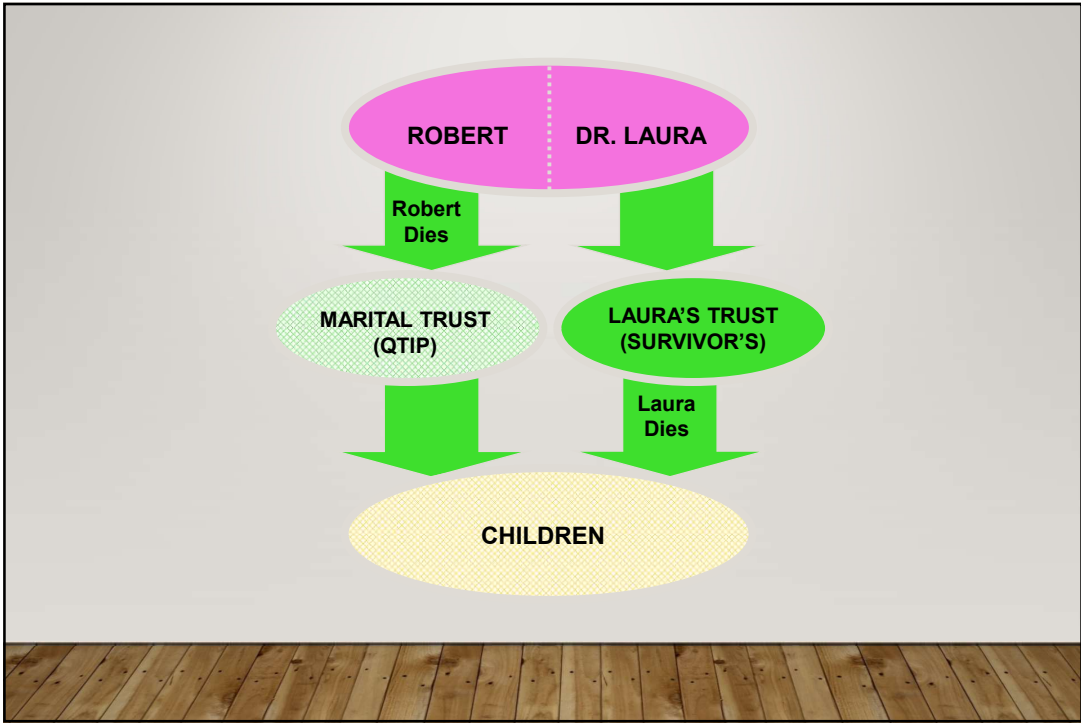
- **Probate Avoidance**
 - Reducing fees and avoiding court control
- **Incapacity Protection**
 - Your Successor Trustee can readily step in to help you and your loved ones
- **Asset & Lawsuit Protection**
 - For the surviving spouse and future generations



NON-TAX USES FOR A REVOCABLE LIVING TRUST

- **Remarriage Protection**
 - Keeping your plan on track for future generations
- **Special Needs Protection**
 - For incapacitated beneficiaries
- **Life Estates**
 - Leave assets and funds to someone for their lifetime, but retain control over who receives the assets upon their death





MARITAL TRUST

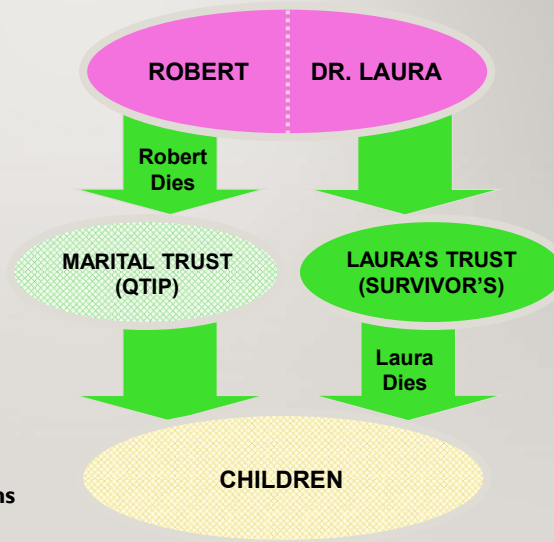
Trustee: Laura alone is OK
Beneficiary: Laura only (use Survivor's trust assets for kids)
Laura's access: 1. All Income
2. Principal if needed for:
Health
Education
Maintenance
Support

MARITAL TRUST

- Remarriage protection
- Asset & lawsuit protection
- Keeps your plan on track

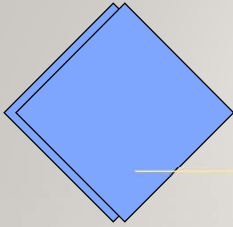
CHILDREN'S TRUSTS

- Lifetime trusts
- Divorce protection
- Asset & lawsuit protection
- Medicaid protection
- Preserve assets for future generations
- A gift only YOU can give!



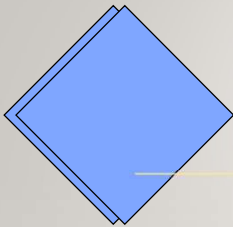
INJURED PATIENTS AND FAMILIES COMPENSATION FUND





INJURED PATIENTS AND FAMILIES COMPENSATION FUND

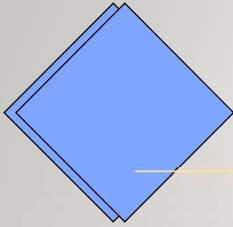
- Mission is to provide excess medical malpractice coverage to Wisconsin health care providers and to ensure that funds are available to compensate injured patients
- Every physician and certified registered nurse anesthetist must purchase primary medical malpractice coverage at the levels defined in chapter 655. Wis. Stat. (currently \$1,000,000 per occurrence/\$3,000,000 annual aggregate)



INJURED PATIENTS AND FAMILIES COMPENSATION FUND

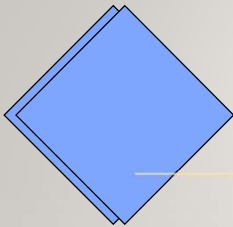
- If a plaintiff is awarded more than the primary medical malpractice coverage, the Fund is available to compensate the patient or their family for the remainder





INJURED PATIENTS AND FAMILIES COMPENSATION FUND

- Concern: Fund is large and is sometimes the object of “raiding” as a means of supporting the State’s budget shortfalls
- So far, attempts to raid the Fund have been thwarted
- If Wisconsin law changes, our methods of protection will have to change as well

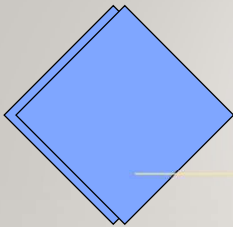


ADDITIONAL WISCONSIN PROTECTIONS

- WI lawmakers have put a \$750,000 cap on noneconomic damages medical malpractice cases, found in chapter 893.55(4) Wis. Stat. Based on subjective damages:
 - Pain and suffering
 - Emotional distress and anxiety, and
 - Loss of enjoyment of life.
- GREAT reasons to practice in Wisconsin!

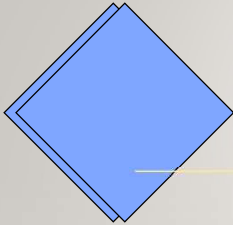


INSURANCE



INSURANCE

- Homeowners
- Automobile
- Umbrella Policy
- Life Insurance
- Disability Insurance
- Long Term Care Insurance
- Professional Liability Insurance



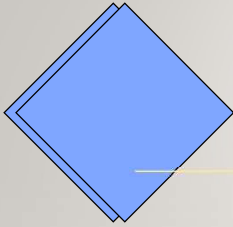
INSURANCE

- Insurance is your primary line of defense against the loss of assets
- It works hand-in-hand with other types of planning
- Even if you have established a revocable living trust, an irrevocable trust, or any other type of trust, **DO NOT CANCEL** your policies!



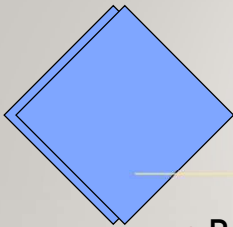
ADVANCED PLANNING





YOU ALREADY HAVE MORE THAN YOU KNOW

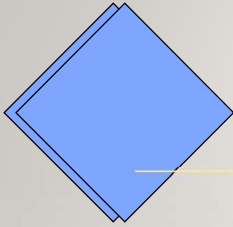
- Insurance
- Injured Patients and Families Compensation Fund
- ERISA plan protection (401(K) plans, etc.)
- IRAs



ADVANCED PLANNING

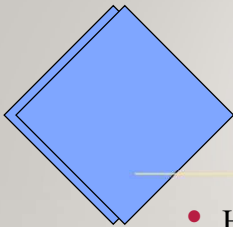
- Pre-nuptial agreements for upcoming marriages
- Lifetime Trusts for gifting or inheritance
- Spousal Lifetime Access Trust (SLAT)





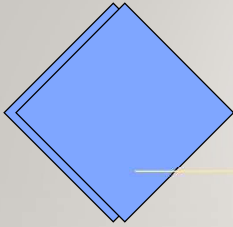
PRE-NUPTIAL AGREEMENTS

- Protection in the event of death or divorce
- Leave enough time for discussion and implementation before the wedding
- Simple or complex?
- For it to work you must abide by the agreement
- Can be difficult to bring up the topic
- Consider using for your spouse's *next* marriage!



LIFETIME TRUSTS FOR GIFTING OR INHERITANCE

- Have your relative set up a lifetime trust (dynasty trust, inheritor's trust) for you in their living trust during their lifetime
- Your interest will stay in the trust for your life with a remainder interest passing to your loved ones at your death
- You can be the sole Trustee if you live in WI = CONTROL!
- The Spendthrift provision protects the assets of the trust from your creditors
- *You* can also do this for *your* children for gifts or for their inheritance

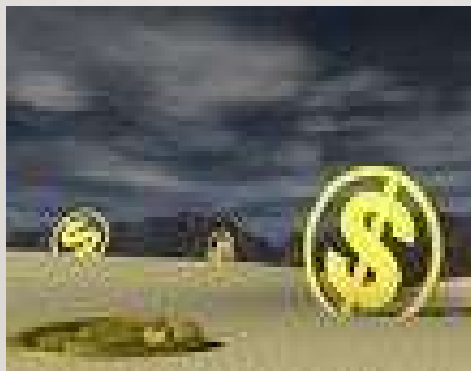


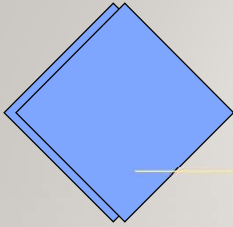
SPOUSAL LIFETIME ACCESS TRUST (SLAT)

- Create irrevocable trust and transfer assets to it
- Created by one spouse for the benefit of the other spouse
- Spouse and descendants can receive distributions
- You can keep some control
- Trust assets have asset protection



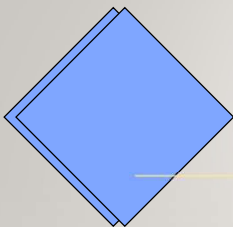
ASSET PROTECTION PLANNING





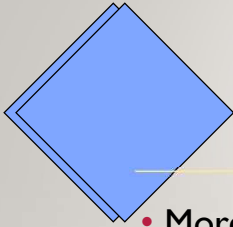
ASSET PROTECTION PLANNING OPTIONS

- Family Limited Partnerships (LLP) or Limited Liability Companies (LLC)
- Domestic Asset Protection Trust (DAPT)
- Off-Shore Trusts



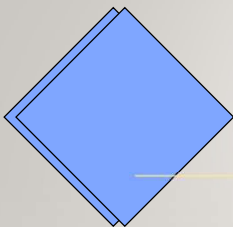
LLP/LLC FOR ASSET PROTECTION

- LLP or LLC
 - Family Limited Partnerships (LLP) or Limited Liability Companies (LLC)
 - Must have valid business purpose (cannot protect a personal residence)



MORE LIMITED OPTIONS

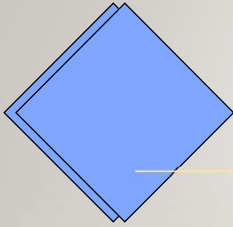
- More Limited Options:
 - Domestic Asset Protection Trust (DAPT)
 - Cannot protect assets while still retaining control, except in Alaska, Wyoming and Delaware
 - Off-Shore Trusts
 - Create trusts in country other than the U.S.A.
 - Rely on foreign laws and off-shore Trustee
 - Truly giving up control



SOMETHING TO KEEP IN MIND...

A Domestic Asset Protection Trust or an Off-Shore Trust will offer NO protection if they are created when a *creditor's claim is known, threatened or pending*

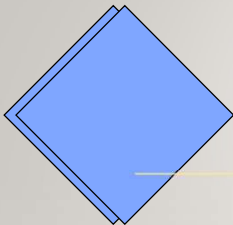
- Creating and funding such a trust under those circumstances is a fraudulent transfer and a court can allow a creditor to access the assets



PLANNING APPROACH – ONE PIECE AT A TIME

Building Blocks:

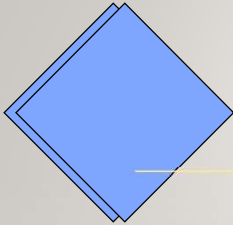
- Core estate plan
- Keep insurance in place!
- Injured Patients and Families Compensation Fund
- Consider advanced planning, particularly spousal lifetime access trust – can be expensive
- Asset Protection Planning



PLANNING APPROACH – KEEP IT IN PERSPECTIVE

- Get the basics in place first
- Do not let the process become overwhelming or you might not take action
- Make decisions based on knowledge, not fear
- Assess each planning tool
 - Does it make sense for you and your family?
 - Does it really work?
 - Is the benefit worth the cost?
- Review your plan regularly





PLAN FOR PEOPLE, NOT MONEY

Create a plan that protects you and your loved ones by fitting your unique circumstances



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