

## PRACTICE

# Estate Planning & Administration



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## OVERVIEW

Senior executives, business owners, and high net-worth individuals rely on our estate planning team to develop strategies designed to minimize or eliminate income, gift, and estate taxes, including generation-skipping transfer taxes.

## How we can help

- Wills
- Codicils
- Revocable and irrevocable trust arrangements
- Durable powers of attorney
- Healthcare proxies
- Prenuptial agreements
- Intra-family gift programs, including Family Limited Partnerships
- Qualified Personal Residence Trusts (QPRTs)
- Grantor Retained Annuity Trusts (GRATs)
- Dynasty trusts
- Charitable lead trusts
- Charitable remainder trusts

Our financial planning, tax and legal professionals manage more than \$250 million dollars-worth of client assets.

## How we can help

- Investment of assets, including transfer of securities
- Preparation and filing of papers in Probate Court

- Identification and appraisal of estate and trust assets
- Preparation of probate and accounting inventories
- Payment of debts, expenses and taxes
- Bookkeeping and accounting
- Receipt of income and distributions to beneficiaries
- Preparation and filing of federal and state estate tax returns
- Securing of releases of tax liens and handling estate tax audits
- Safekeeping of property
- Assembly of fiduciary income tax data and assistance in post mortem tax planning
- Preparation, filing and allowance and/or securing of assets to annual accounts
- Special services in administering real estate or other kinds of assets
- Maintaining good relations with, and providing a variety of financial and personal services to beneficiaries
- Ancillary administration outside Massachusetts
- Collection of life insurance and employee benefits
- Reports to clients and beneficiaries

In addition, Bowditch retains a professional investment-counsel firm which regularly reviews portfolios, makes written recommendations regarding the requirements of individual accounts, and supplies weekly recommendations for timely purchase and sale of investments. An Investment Committee, made up of three Bowditch partners, meets regularly to review the recommendations of the investment counsel.

## EXPERIENCE

### Helping a younger married couple choose a guardian and trustee

A Boston-area married couple in their early 30s came to us needing help with putting an estate plan in place shortly before the birth of their first child. The estate plan consisted a family trust, and the couple had to decide on a guardian and trustee. The wife was an only child, so we spent a lot of time walking through their options. We asked them, “Who are the family members and friends in their lives, their jobs and personalities?” They both looked to the husband’s brother as a good candidate for trustee and guardian. Everything is signed and in place.

### Updated estate plan reflects tax minimization, charitable giving and post-retirement income

We started out years ago preparing the couple’s basic estate planning documents, and we’re now on our third plan update. As part of their current update, we advised the clients on several charitable giving techniques. We negotiated gift agreements with their alma maters and a local community foundation and also created a charitable remainder trust which will benefit a number of charities when the couple are deceased. Meanwhile, the trust generates income for the clients during their retirement years. We

are also handling a complex series of investment and insurance transactions that minimize tax liability and maximize post-retire income. We serve as co-trustee for the couple's estate plan.

### **Addressing changing estate planning and tax needs**

A client was concerned about estate taxes and the impact of a trust set up for her disabled child. The client asked about a Special Needs Trust set up by the child's aunt and what to do when her daughter reaches age 18 and becomes eligible for SSI benefits. We provided a copy of the trust and gave the client the exact explanation to give to Social Security officials to guard her child's SSI benefits.

### **A returning client plans for estate tax reduction**

With their children out of college and becoming more established, a Boston couple came back to us for help updating their estate plan. The couple, a corporate executive and spouse, were comfortable gifting to their adult children to reduce estate taxes. We worked with the couple to create a new plan involving revocable and irrevocable trusts and a gifting plan that includes transfer of appreciating assets, primarily real estate and stock, outright and in trust, for the couple's children.

### **Advised a recently widowed client on income and estate tax issues**

The client, who is in her early 80's, had depended upon her recently deceased husband to manage the couple's finances. Their net worth was approximately \$2 million. We identified several income and Massachusetts estate tax issues. As part of the engagement, we reviewed and revised the client's estate tax plan, created an LLC to hold a small rental property, and advised the client on a lifetime gifting plan. The client was so pleased with our service that she decided to have Bowditch & Dewey prepare her income tax returns.

### **Planning to reduce taxes and provide for long-term-care**

A married couple came to us, worried about their estate taxes, long-term-care costs and estate benefits to be left to children from their previous marriages. One spouse is still working, and the other spouse has early-stage dementia. They want to provide for each other and also enter into a trust agreement so that their remaining assets would flow to their kids. However, the couple needed help determining who would serve as Trustee. They decided on appointing an independent Trustee who would balance their needs while working with the surviving spouse and their children. We raised issues, such as how best to avoid a conflict of interest and the appropriate, balanced use of the trust for the surviving spouse and heirs. The plan is substantially in place, with the tax portion of the plan complete, and the clients have an understanding of the MassHealth application process should the need to apply arise.

### **A stock holder's sudden death raises several business and family issues**

When the majority stockholder of a small, inherited family business died suddenly in his 50's, our client was faced with several difficult issues. We had prepared the man's estate plan as well as his parents' plans, so we knew the business and the family well and recognized the different interests of all of the parties. One of our priorities was to keep this manufacturing business running while we were dealing with distribution of the estate to the non-working widow, the children and the siblings, who were stockholders but not involved in running the business. We also knew that the plan called for positioning the second-generation, Massachusetts-based business for sale. We worked closely with the client's accountant to put a strategy in place featuring key employees, with incentives for the employees to stay on. The business sold quickly, and the proceeds went to the estate. Trusts were created for the widow and children along with individual life insurance, and resources for the family were maximized.

## Helping a client in need of someone they could trust

When an elderly woman close to her 100th birthday needed help with estate planning, we discovered that our client was divorced, estranged from her son and had no local family. She had outlived almost everyone she knew and was effectively all alone. After several meetings, the woman named one of our attorneys as her Personal Representative on her will and agent under her Durable Power of Attorney and Health Care Proxy, for operational matters and medical decisions. Acting *pro bono*, we helped move the woman to a nursing home and managed her assets. After our client died, we planned her funeral and administered her estate. We're glad she was able to rely on us.