A large, dark brown, serif letter 'V' with a slight shadow effect, centered within a white square. The square is framed by a double-line border, with the inner line being a thin white line and the outer line being a thicker dark brown line.

VASALLO & VASALLO  
PROFESSIONAL ASSOCIATION

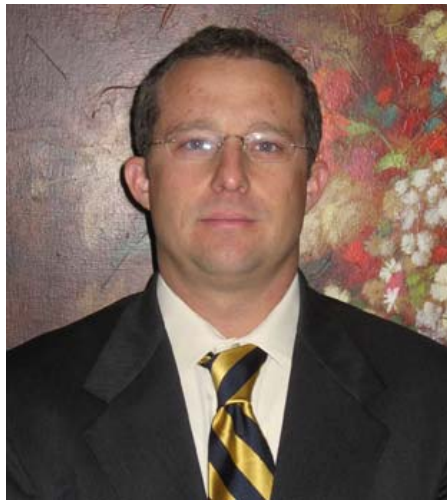
A solid orange rectangular bar located at the bottom left of the page.

EXPERIENCE

INNOVATION

INTEGRITY

# SIMPLIFY YOUR ESTATE



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# Who Needs an Estate Plan?

- Everyone needs an Estate Plan!
  - ▣ Estate Planning is not just for the “wealthy”
- We are accustomed to having control
  - ▣ An estate plan allows you to have as much or as little control as you desire in all circumstances
  - ▣ Control in Good Times and Bad
  - ▣ Control whether it rains or shines



# What is Good Estate Planning?

- Giving what you have
- The way you want
- When you want
- At the least cost:
  - ▣ Saving taxes
  - ▣ Attorney fees
  - ▣ Court Costs



# But Wait...There's More!

- Estate Planning also encompasses planning for incapacity: the subject no one likes to think about (and wants to delay)
- Good estate planning avoids court intervention in your family affairs



# What if I Don't Have a Plan?

- The Good News
  - ▣ The State of Florida has written an estate plan for you
  - ▣ If you die without any estate planning documents in place, your property will pass through the laws of “intestate succession”
- The Bad News
  - ▣ The State of Florida has written an estate plan for you
  - ▣ In many cases, the intestacy laws do not coincide with how people want to leave their property



# Example

- Harry and Wanda are married and have two children (Sam and Donna). Harry owns a money market account, stock, and a savings account in his name alone. Wanda owns assets in her own name and other assets are titled jointly.
- Upon his death, Harry would like his wife, Wanda, to be able to use those assets to support her needs for the remainder of her life.
- But, under Florida law Wanda will receive (at most) \$60,000 plus 50% of the balance of the property titled in Harry's name alone.
- The other 50% goes to Sam and Donna.



# What Does an Estate Plan Include?

- “Back Up” Documents
  - ▣ Financial Documents
    - Durable Power of Attorney, Pre-Need Guardianship Affidavit
  - ▣ Health Care Documents
    - Designation of Health Care Surrogate, Living Will, etc...
- Will
- Revocable Living Trust



# Health Care Documents

- Health Care Surrogate

- ▣ Enables you to designate a person or persons to make health care decisions on your behalf in the event you become incapacitated

- HIPAA Authorization

- ▣ Authorizes doctors, hospitals, etc. to release your protected health information

- Living Will

- ▣ Directs that life prolonging procedures be withheld or withdrawn when the application of such procedures would serve only to prolong artificially the process of dying



# Isn't a Will Good Enough?

- Yes...but not really
- A Will does not avoid probate
- A Will provides no plan for disability/incapacity



# What is Probate?

- A very bureaucratic lawsuit
- Admission and proof of Will
- Inventory of your property
- Notice and Payment to creditors
- Court supervision
- Distribution to heirs – after some delay



# What's Bad About Probate?

## SIZE OF PROBATE ESTATE    FLORIDA PROBATE FEE

- |               |              |
|---------------|--------------|
| □ \$100,000   | □ \$3,000 +  |
| □ \$250,000   | □ \$7,500 +  |
| □ \$500,000   | □ \$15,000 + |
| □ \$750,000   | □ \$22,500 + |
| □ \$1,000,000 | □ \$30,000 + |
| □ \$2,000,000 | □ \$50,000 + |



# What's Bad About Probate?

- ❑ Probate Takes Time
- ❑ Loss of Privacy
- ❑ Loss of Control
- ❑ Ready-made forum for litigation
- ❑ Loss of control – intervention of judge and attorneys in family affairs



# Myths and Realities

- Myth #1: A Will avoids probate
- Reality: A Will must go through probate



# Myths and Realities

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- Myth #2: A Trust automatically avoids probate
- Reality: To avoid probate, the Trust must be properly funded



# Myths and Realities

- Myth #3: Joint Tenancy avoids probate
- Reality: Probate is avoided only on the death of the first joint tenant



# Myths and Realities

- Myth #4: My spouse can take care of everything if I am disabled
- Reality: No law gives your spouse authority to make a financial or medical decision for you - the court must intervene unless you have previously given your spouse legal authority



# Advantages of a Trust

- Control: whether it rains or shines
- Keep legal control in the family
- Avoid court supervision
- Your written instructions for your family
- Hopefully, keep peace in the family
- Special types of trust can help save estate taxes



# Keeping Control With a Trust

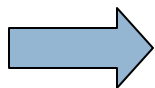
- What is a Revocable Living Trust?
  - “Revocable” → Can be changed
  - You create the Trust
  - You establish the rules
  - You are the Trustee
  - You are the Beneficiary



# Estate Taxation Benefits to Estate Planning

## Estate Tax Exclusion Amount:

Year	Exclusion Amount	Tax Rate
2001	\$675,000	55%
2002	\$1 million	50%
2003	\$1 million	49%
2004	\$1.5 million	48%
2005	\$1.5 million	47%
2006	\$2 million	46%
2007	\$2 million	45%
2008	\$2 million	45%
2009	\$3.5 million	45%
2010	Repealed	0%
<b>2011</b>	<b>\$ 1 million</b>	<b>55%</b>



# Estate Taxation Benefits to Estate Planning

Harry and Wanda own the following assets:

- \$500,000 home titled jointly
- \$500,000 401(k) plan owned by Harry
- \$500,000 life insurance policy owned by Harry
- \$250,000 bank account/c.d. owned jointly
- \$250,000 in stocks
- Gross Estate = \$2 million



# Estate Taxation Benefits to Estate Planning

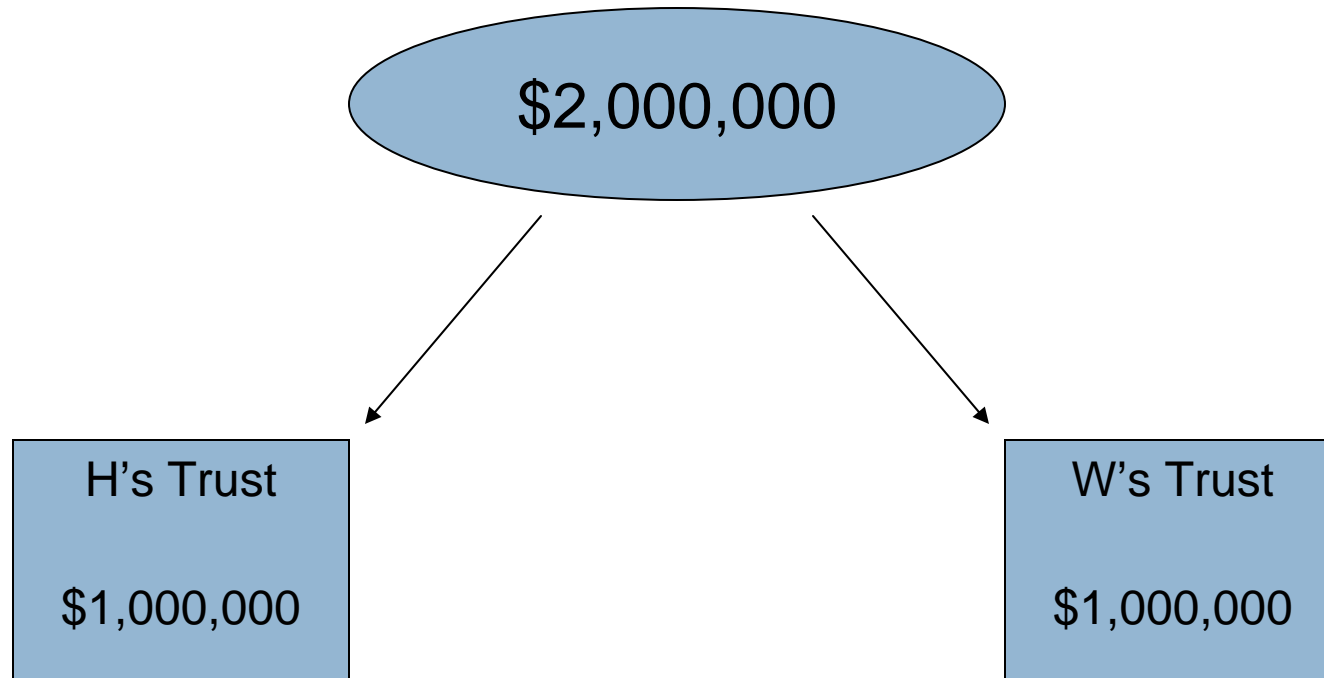
If Harry predeceases Wanda, Harry's estate will pass to Wanda free of any estate tax under the marital deduction.

But, Wanda is left with a \$2 million estate. If Wanda dies in 2011, her estate must pay a 55% tax on \$1 million.

Estate Tax = \$550,000



# Estate Taxation Benefits to Estate Planning



H's Trust uses H's \$1,000,000 exemption and W's Trust uses her \$1,000,000 exemption.



# Estate Taxation Benefits to Estate Planning

Result:

\$0 Estate Tax and all \$2,000,000 of assets are transferred according to Harry's and Wanda's wishes.

→ Estate Tax savings of \$550,000



# Estate Tax Reducing Strategies

- Shelter the Unified Credit through a properly funded Revocable Trust
- Shelter life insurance through Irrevocable Life Insurance Trust
- Educational Plans for Children
  - ▣ 529 Plans
  - ▣ Educational Trusts



# Estate Tax Reducing Strategies

- Gifting (\$12,000 Annual Exclusion; \$13,000 in 2009)
- Irrevocable Life Insurance Trust
- Grantor Retained Annuity Trust
- Qualified Personal Residence Trust
- Family Limited Partnership
- Family Limited Liability Company
- Charitable Lead Trust or Charitable Remainder Trust
- Private Charitable Foundation



# Contact Us

- Please contact us to set up a consultation
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