



[ICPAS Homepage](#) | [Career Center](#) | [Research Center](#) | [CPE Events](#) | [Membership Renewal](#) | [Share this Issue](#)

MASTER THE JOB

NOVEMBER 2009 | VOL. 5 | ISS. 11

ESTATE PLANNING 101: WHAT YOU NEED TO KNOW

By Clint Costa

More likely than not, at some point your clients are going to ask you for advice on non-CPA areas such as insurance, investments, law, real estate, etc. Each of these disciplines requires a license to practice. So what do you do?

The key to being indispensable to your clients is having access to a network of high-quality professionals practicing in other disciplines, and having a basic understanding of key subjects—for one, estate planning.

Estate planning itself is the domain of attorneys, making the actual execution of an estate plan “unauthorized practice” for CPAs. However, as a CPA and trusted advisor, you can help clients by making sure they understand why they need a comprehensive estate plan, and reminding them of that need annually. You can also help them think through decisions such as who to name as successor trustee, executor of the will, and agents under Powers of Attorney, as well as successors for all of these positions. What’s more, help them understand the composition and value of their assets, and discuss how those assets might be managed or transferred in the event of their death or disability.

While building a network of estate planning attorneys to whom you can turn with questions or referrals is a must, you also need to fine-tune your knowledge of the estate planning arena. After all, a solid estate plan is fundamental to the financial well-being of most, if not all, of your clients.

A comprehensive estate plan achieves various goals, including:

- **Orderly and efficient distribution of assets at death.** This is an estate plan’s most basic goal, and helps to avoid both state “intestacy” laws and family infighting during estate administration.
- **Avoidance of guardianship proceedings in case of long-term disability or incompetence.** Assets held in trust can be managed by successor trustees, avoiding the need for a court-appointed guardian.
- **Avoidance of probate at death.** Probate proceedings can be both financially costly and emotionally draining

for the family of the deceased.

- **Transfer of authority in case of temporary disability or incompetence.** This can be especially important where multiple persons have equal authority to make healthcare decisions for another, or where time is of the essence in dealing with someone's property.

- **Minimizing estate taxes at death.** With the combined Illinois and Federal estate tax rate topping 50 percent, any reduction of the tax can pay large dividends.

To achieve these goals, the estate plan should include a series of six documents – known among estate planners as a “six-pack”:

1. Revocable Trust: This is the primary document in the estate plan, and serves multiple purposes. It contains the deceased's directions for the transfer or management of assets at his/her death. It is used to avoid probate proceedings at death, and guardianship proceedings in case of disability. Finally, its provisions can be utilized to minimize or avoid Illinois and Federal estate taxes.

2. Pour-Over Will: This defensive document usually contains no significant transfer provisions, but assures that all of the deceased's property is transferred to the RT. For young parents, the Pour-Over Will is the document in which nominations for the guardianship of minor children is made.

3. Power of Attorney for Healthcare: These Powers of Attorney allow a person (the “Principal”) to nominate others (the “Agents”) to act for him/her regarding healthcare decisions in case the Principal is unable to competently handle affairs due to disability or impairment.

4. Power of Attorney for Property: Much like the Power of Attorney just discussed, this Power of Attorney pertains to property decisions rather than healthcare

5. Living Will: The standard Living Will provides that, in the event of a person being afflicted with an incurable or irreversible injury, he or she will not allow any artificial, life-prolonging measures to be taken. These documents also can be further customized for religious, cultural or other concerns.

6. HIPAA Authorization

Although you may not be able to bill a client for estate planning work, you can add value to your services by venturing outside of traditional CPA disciplines.

Clint Costa is an Illinois attorney and registered CPA practicing with the law firm of Shaheen Novoselsky Staat Filipowski & Eccleston, P.C. in Chicago. Clint practices in the areas of tax, business transactions and estate planning. Clint can be reached for questions about this article or for networking opportunities by email at ccosta@snsfe-law.com

or by phone at 31. 621.4400.

[Read previous issues of HYPE](#)

This email was sent to you by:

Illinois CPA Society

550 West Jackson Blvd. Suite 900, Chicago, IL 60661 USA

OPT OUT OPTION Please be advised that by opting out of this email, you will automatically be removed from all future email notifications of education, informational, or networking programs from the Illinois CPA Society (ICPAS). Please be assured that ICPAS has a strict policy of never selling or sharing your email address with outside parties and makes every effort to minimize email overload wherever possible.