Fall

October 2016

WLG Will be Closed for the Following Holidays

Thanksgiving
November 24 & 25
Closed

Christmas
December 23
Closed at 12:00 pm

December 26
Closed

From our family to yours,
Have a safe and joyous
Holiday Season!

Wilson Law Group, LLC
Your Life. Your Legacy. Your Way.™

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Worth Knowing

this issue

Why Your Responsible Children Need Their Inheritance in a Trust

By Attorney Matthew Underwood

Many parents believe that their "responsible" children do not need the protection of a trust. After all, if your child is good with money, why do they need their inheritance placed in a trust?

A trust can provide five main protections that won't be present if you give assets to your children outright: (1) creditor protection, (2) predator protection, (3) divorce protection, (4) self-protection, and (5) estate tax protection. We will address each of these protections in turn.

Creditor Protection

Even responsible children with very little existing debt could use creditor protection for their inheritance. What happens if your child gets into a car accident and gets sued? Imagine that a judge finds your child responsible for the accident.

All of a sudden, all of your child's different assets, including her inheritance, become fair game. However, if you left your child's inheritance to her in a properly drafted trust, the inheritance would be off limits in the lawsuit.

Predator Protection

Why would a responsible adult child need predator protection? Think about what would happen if your child meets someone, it could be a boyfriend or girlfriend, or even a spouse. If the child owns her inheritance outright, a significant other could convince your child to start making distributions to this new person. Further, imagine if your child starts to slip mentally or becomes incapacitated. Your child would then become very susceptible to predators trying to get your child's inheritance. A trust can provide the protection of co-trustees, who can stand along with your child to make sound decisions.

(continued on pg. 2)

Why Your Responsible Children Need Their Inheritance in a Trust (continued)

Divorce Protection

In Wisconsin and other community property states, it is assumed that anything owned or acquired during a marriage belongs equally to each spouse. If your child is married and later gets divorced, your child's ex-spouse could suddenly be entitled to half of your child's inheritance. On the other hand, if you left your child's inheritance to her in a properly drafted trust, all of your child's inheritance would be protected for her and her heirs.

Self-Protection

For a responsible child, self-protection may not be a big issue. But if your child is not good with money, self-protection is very important. You may not want to leave your assets to a child who will go out and spend their inheritance within a couple weeks of receiving it.

A trust can provide for a child's health, education and other basic needs, while preventing your child from spending their inheritance irresponsibly.

And if your child suffers from addiction, you certainly don't want to leave assets to them where it could be used to buy drugs or alcohol, or be lost gambling. A trust can provide care for your children who suffer from addiction while keeping it off limits from fueling your child's addiction.

Estate Tax Protection

Estate taxes become an issue if you are leaving a lot of assets to your child, or if your child is successful and will accumulate a lot of assets over her lifetime. Leaving assets to your child outright could subject your child's estate to unnecessary taxation, and leave less for future generations to inherit and benefit from.

Your child's taxable estate could be subject to a 40% tax, payable within nine months of her death.

By leaving assets to your child in trust, the trust assets could be kept separate from your child's estate. Even if your child is very successful and has a taxable estate, the trust you leave to your child can be set-up to avoid taxation and can pass on to your grandchildren and other beneficiaries without being subject to the 40% estate tax, thus creating an amazing legacy.

Conclusion

Even the most responsible children deserve some level of asset protection against creditors, predators, ex-spouses, and taxation. A comprehensive trust can accomplish these. An experienced estate planning attorney can help you determine how to leave assets to your beneficiaries in a way that will accomplish your goals and provide for your loved ones, with peace of mind and preservation of your legacy.

RWay® Forum Dinner April 24, 2017

KEEP CALM AND SAVE THE DATE

MONONA TERRACE®

What a wonderful evening we enjoyed with so many of you for our first Forum Dinner of the season. The response to our new location was overwhelming. Even with the larger venue and added seats we were filled to capacity!

Our newer staff members enjoyed being able to put smiling faces to your names. Carl Corey's presentation elicited recognition and fond memories for so many, while taking us on a journey through Wisconsin's taverns and family-owned businesses across America. We do not want to give it all away for those attending in the Spring Forum, but we are so thankful to have such involved clients in our RWay program.

We are looking forward to returning to Monona Terrace this spring on April 24, 2017. We are excited to have over 120 RWay Members already registered for the Spring Dinner. Reserve your seat today!

5:15 pm
Registration & Cocktails

5:45 pm
Dinner & Dessert

7:00 pm
Guest Speaker
We are excited to bring you
Wisconsin photographer

Carl Corey

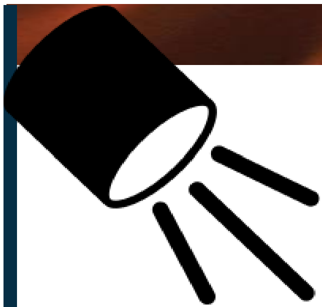
Active RWay members can RSVP

Website:
www.wilsonlawgroup.com

Phone:
608-833-4001
Ask for extension #352

Email:
charly.hernandez@wilsonlawgroup.com

Carl Corey, Daniel Purtell, and John Haslam enjoy some homemade cake squares



Wilson Law Group has a staff that we sometime refer to as "The Dream Team". We think they are pretty amazing so we are putting the

SPOTLIGHT ON...

Hayley Barrickman,

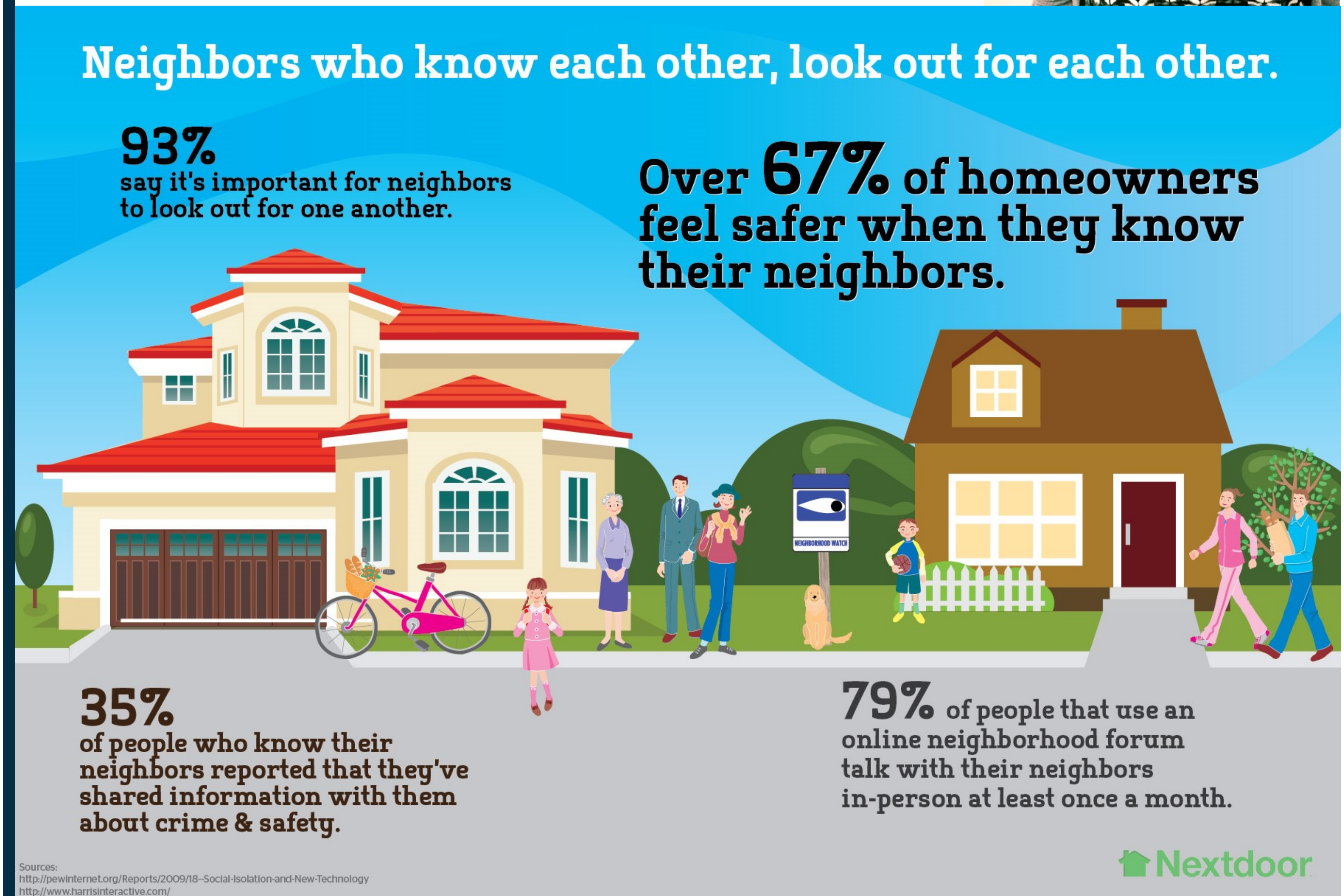
Receptionist Extraordinaire

If you have visited our office recently, most likely you were greeted by Hayley's smiling face. We thought she'd be the best place to start our "Staff Spotlight" series.

WLG: What are you most thankful for this coming Thanksgiving?
Hayley: I get to spend my first Thanksgiving with my soon-to-be in-laws!

WLG: What makes you proud/happy/thankful to work at WLG?
Hayley: The people who work here are phenomenal. I feel like we all work as a team and it's great to see all our individual effort make the whole better!

WLG: Any special travel plans during the holidays?
Hayley: I'm traveling to Eau Claire and St. Croix Falls, but my fiancé is traveling all the way from Oklahoma where he goes to grad school!



WLG Announcements

**Our team has been expanding rapidly!
We are glad to introduce our two newest staff members Jessica and Bonnie.**

Jessica Tremelling has joined our Trust Administration team as a paralegal. She is happy to assist you with any questions or concerns throughout the trust administration or the probate process.

Bonnie Brazee, our RWay® Team Coordinator, assists Barb with updating your trust documents with changes for annual reviews, keeping you informed on upcoming review meetings, and providing assistance with LegalVault.

We're Looking for Your Great Ideas!

Whether your family is all in southern Wisconsin, or spread out across the globe, keeping in touch with each other and sharing your family history is vital to staying connected. There is no richer heritage than a sense of self and the traditions of those who have come before you.

Do you have a great idea for staying connected with your grandchildren?

Does your family have a wonderful holiday tradition?
Do you have special recipes to share?

Would you like to share a piece of your family's history with us?

We would love to hear from you.

If you would like to submit a story, photo, recipe ,or tradition of your family to share with our WLG family:
Please contact Charly at 608-833-4001
Or submit by email:
charly.hernandez@wilsonlawgroup.com

Did you Know?

You don't have to wait for a scheduled review to get the latest news and updates from WLG!

Like Wilson Law Group, LLC on Facebook for upcoming events.

We are excited to announce we are preparing to launch WLG, LLC on YouTube!

Stay tuned for tweets! @WLG_Legacy

Act Now, Save Later

Now that we have settled into our fall routine, the holidays are right around the corner. There are so many things demanding out attention. With all the buzz of the season, the last thing we want to do is think about taxes.

However, the financial decisions you make now can have a huge impact on your tax burden going into next spring. Too many people miss out on significant tax savings simply because they fail to plan in advance. This is why year-end tax planning is so important, and why you should start thinking about it now, before the holiday season consumes your attention.

The good news is that making even a few small tweaks to your financial strategy before the end of the year can add up to thousands of dollars in tax savings in 2017. Now is the perfect time to talk with your financial advisory team about year-end tax planning so you're not left scrambling during the holidays. When you schedule your appointment, here are 10 key areas to assess.

1.**Review changes in the tax laws for 2016.**

The tax laws change every year—sometimes a little, sometimes a lot. Even small changes in the law can have a positive or negative effect on your tax bill, depending on your situation. This year, the IRS released perhaps the most significant regulation change in decades. You may have heard about these in the news as the "2704" regulations or "valuation" regulations.

Although these regulations are not yet being enforced, they might substantially impact your estate plan when the IRS finalizes them, potentially as early as January 2017. If you have any questions about these new regulations, we'd be happy to discuss their impact on you, your estate plan, and your taxes.

2. Review significant changes in income/ employment.

By this time of year, you should have a pretty good idea whether your income is set to increase or decrease significantly in 2016. A sizeable shift either way could have a pronounced effect on your tax burden. Did you get a new job? Lose a job? Did you start receiving rental income? Royalties on intellectual property? Did you start a new business or perhaps expand an existing one? Review your current income streams with your advisor to determine how to prepare for any changes in your taxes. If you started a new business this year, it's especially important to get insight from your planning professionals to make sure the business is structured properly for your best tax advantage.

3. Review your investment portfolio. Before looking at the next couple of strategies, review your current investment portfolio with your advisor and see whether anything stands out as an actionable item.

4. Manage capital gains. Timing is everything when reaping capital gains, especially when it comes to taxes. If you're thinking about selling property (like a rental house or vacation property) at a gain, talk to your advisor about capital gains tax impact because it might make sense to delay the closing until early January. Likewise, if you have stocks or other investments that are performing well, cashing out too soon could bite you at tax time. Consider putting off those sales until early next year to defer the tax burden or using losses to offset the gains, which we'll discuss next.

5. Harvest losses. On the other side of capital gains, loss harvesting can be a very effective strategy for reducing your taxable income. If certain stocks in your portfolio have lost value, selling them now can create a loss that can offset gains in other investments. If you have a total net loss in your investments, up to $3,000 of that loss can be used to reduce your ordinary income; and any loss over that amount can be carried over to future years.

6. Start a new retirement savings plan (or contribute to an existing one). If you have a 401(k), IRA or other retirement savings plan, consider putting in some extra money toward the end of this year to save on taxes next year. If you don't have a retirement savings plan yet, the end of the year

10 Year-End Tax Planning Strategies to Discuss with Your Financial and Tax Advisor Before the Holidays

is a great time to start one, because anything you add to it can reduce your tax burden and set you up for long-term financial success. Talk with your financial advisor about starting an IRA, SEP, SIMPLE or another type of savings plan for which you might be eligible. It's also a great time to review your beneficiary designations and make sure they're in alignment with your estate planning goals. We're here to help you with aligning your beneficiary designations to your estate plan.

If you have stocks or other investments that are performing well, cashing out too soon could bite you at tax time.

7. Defer income. Another common strategy for saving at tax time is to defer some of your year-end income to next year. If you've got a bonus coming, ask your employer about holding off until January to pay it. If you're self-employed, and you're finishing a big year-end project, consider invoicing it at the end of December so it gets paid in January. Your financial advisor may have other suggestions for how to defer income strategically. This is especially important if your income for 2016 brings you close to a tax threshold like the alternative minimum tax (AMT) or into a higher tax bracket.

8. Accelerate expenses. Conversely to deferring income, you can reduce your tax burden by accelerating some tax-deductible expenses at the end of the year. If you know you need a new piece of equipment for your business in 2017, consider buying it near the end of 2016 so you can deduct it this year instead of next. If you have a child in college, pre-paying spring tuition can also benefit you at tax time.

Also, remember that if you have a Flexible Spending Account (FSA) for out-of-pocket medical expenses, any money left in that account at the end of 2016 becomes taxable. If you've been planning on having a procedure, updating your prescription lenses or getting some dental work done, now is the time to get on your doctor or dentist's calendar!

9. Boost your charitable donations. Year-end charitable giving is a well-recognized method for reducing one's tax burden. If you're looking for more deductions, consider making a special holiday donation to one or more non-profit charities of your choice. Remember though, you must itemize your deductions to obtain a tax benefit from charitable giving. If you're not sure about itemizing your return, talk to your tax advisor as soon as possible.

10. Strategic giving to family or friends. Did you know that you can gift up to $14,000 per year to as many people as you like without paying gift tax? If you give more than that, you'll have to file a gift tax return. As long as your lifetime gifting doesn't exceed $5.45 million in total ($10.9 million for a married couple), then you won't owe any gift tax. Your financial and tax advisor can help you identify which of your assets can be strategically gifted to family or friends in such a way that results in effective wealth-building for all with a minimum tax impact.

Of course, every person's financial situation is unique, and not all these year-end tax strategies will apply to everyone. Likewise, certain tax-saving strategies can backfire if they are overdone or overused. That's why you should always work with a trusted financial advisor to develop a year-end tax plan that's customized to your situation and designed to yield the best savings overall.

Tax preparation happens every year. If it's been more than two years since we talked about your will or trust, call us to make an appointment.

This newsletter is for informational purposes only and is not intended to be construed as written advice about a Federal tax matter. Readers should consult with their own professional advisors to evaluate or pursue tax, accounting, financial, or legal planning strategies.

My Family Portrait, by Charly Rowe

My Wisconsin roots run deep. Some of you probably drive over the old Woyak farm lands everyday in Racine County. Somehow, my grandfather, Louis, always seemed to be adding the right number of children to his family to not be drafted.

I love to hear the story about how he felt he had to do something to contribute, so he left his job at the canning factory to allow a returning soldier to take his position. His entrepreneurial vision led him to open two small businesses to provide for his family, which by now included almost all of their ten children.

He and his lovely bride, Bernice Schneider, continue to leave their mark on Southern Wisconsin, as most of their children, grand and great grand children still live here—many now business owner's themselves. I am forever grateful for the legacy of honor, work ethic and love. A heritage I am proud to pass on to my own children. Thanks, Grandpa.