

FALL  
2020

# Worth Knowing

Courtesy of Wilson Law Group, LLC

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Celebrate Fall

Mark Your Calendars



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## PREPARING YOUR BENEFICIARIES TO RECEIVE THEIR INHERITANCE

When you hire an estate planning attorney, you are often looking for help with preparing your accounts and property to ultimately pass smoothly and safely to your loved ones. This is a key component of estate planning. An experienced estate planning attorney will put much thought and effort into ensuring that an appropriate estate plan is created using a variety of legal documents including wills, trusts, powers of attorney, and health care directives. These important tools can ensure that what you own ends up in the right hands, at the right time, and with as little cost and delay as possible.

**Prepare beneficiaries to receive assets.** An often-overlooked aspect of estate planning, however, is preparing beneficiaries to receive money and property. With all of the thought that goes into making sure taxes are minimized, probate is avoided, and accounts and property are protected, few clients give sufficient thought as to whether their beneficiaries have been adequately prepared to suddenly receive large amounts of cash or manage property. Working through the following questions with your beneficiaries can pay huge dividends by ensuring that they are prepared to receive your accounts and property.

**Identify successors for a family business.** If a family business makes up a large portion of your family's wealth, have you identified who will continue to run the business if you become incapacitated or suddenly pass away? Will your successor be a family member who has been working in the business, and is this person fully prepared to take over your role? If a family member will take over, does the person understand the extent to which they will manage the business for the benefit of other family members? Or does the successor have expectations about the financial rewards of participating in the business that differ from those of the rest of the family? These questions can cause a great deal of discord within a family if left unanswered.

**Consider complicated assets.** Perhaps the wealth of your estate is made up of a complicated portfolio of stocks, bonds, cash, and investment accounts. If that is the case, do your beneficiaries understand the basics of investing with these types of accounts? Do they understand the tax implications? Are your beneficiaries used to taking advice from attorneys, financial advisers, and tax professionals, which will allow them to achieve the most benefits from the accounts left to them? Or do your beneficiaries consider such advice needless, expensive, or untrustworthy, and will such attitudes come back to haunt them down the road?



**Discuss the challenges of co-owning real estate.** If you have a large amount of real estate, farmland, or commercial property or rentals, have your beneficiaries been taught how to manage such properties? Will these properties be passed on to beneficiaries through a trust or through a business entity such as a limited liability company or family limited partnership? If an entity is being used, how has the management structure been set up? Do all beneficiaries understand their roles within the management structure? What if one of the beneficiaries no longer wants to be in a partnership with his or her siblings? Is there a clear path for the beneficiary's exit from such an arrangement that is fair to both the departing beneficiary and the remaining beneficiaries? Is that exit spelled out clearly in an operating, partnership, or other type of agreement for later reference by your beneficiaries?

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Even something as seemingly innocuous as passing on a family vacation property to adult children can pose a significant risk of rekindling old sibling rivalries. Have you and your attorney met with the beneficiaries, either as a group or individually, to make sure your goals and hopes are clear with regard to the property being left to them? What do you hope your beneficiaries will do with the property you leave to them? Have you asked them whether they even want the property, or in what manner they would like to receive it? Many parents have been completely surprised at their children's responses to these questions.

**Consider asset protection.** Parents sometimes think that their children are not at all concerned about asset protection and believe their children would be upset if they were left anything with "strings attached" or conditions on how to use the money or property. Imagine the parents' surprise when the children share their reasons for why receiving an inheritance outright would be a disaster. Parents are not always aware of the marital or financial challenges their children may be facing that have the potential to lead to a significant, if not total, loss of their inheritance.

**Gift today rather than at death.** In many cases, it makes sense for parents, during their lifetime, to give their children a portion of the accounts and property that they ultimately want to leave them at death so that the parents can observe how their children will manage and use the property. In some cases, parents have learned a great deal about how their children are likely to handle even larger infusions of cash or property from an inheritance after they are gone. On a more positive note, giving children a substantial amount of their inheritance prior to death can provide a valuable opportunity for parents to mentor their children in the appropriate use and management of the accounts and property, preparing them for the additional accounts and property earmarked for them at the parents' passing.

**We are here to help.** Preparing your beneficiaries to receive money and property can in many ways be an even greater challenge than preparing your money and property for your beneficiaries. Nevertheless, putting sufficient effort into such an undertaking has the potential to pay huge dividends by helping to ensure the money and property you have spent your life accumulating will be used to truly benefit your loved ones in the way that would be most satisfying to you. If you are uncertain about where you should start, please reach out to us. We have significant experience helping our clients determine the right questions to ask to begin this important process. We are here to help—call today to set up a virtual or in-person meeting.



# Strike While the Rates Are Low:

## Low-Interest Rate Planning Strategies for Passing on Your Wealth

COVID-19 has deeply impacted the economy in the United States and will likely continue to do so for some time. While most would agree that this pandemic is not a positive development, there are nevertheless some silver linings. One such silver lining is that certain powerful estate planning strategies have become much more attractive and feasible based on the current low interest rate environment. If you have a relatively large estate (over \$10 million individually or \$20 million as a married couple), you may want to talk with your estate planning attorney about the following planning strategies.

1. A **Grantor Retained Annuity Trust (GRAT)** is a tool that can be created by an experienced estate planning attorney to transfer significant wealth at a reduced transfer tax cost. This strategy requires a grantor (the person creating the trust) to transfer accounts or property into a carefully drafted irrevocable trust. The trust is designed to pay the grantor a stream of income at least annually and over a specific term of years. At the end of the specified term, the payments end and any property left in the trust not paid to the grantor is transferred (gift tax-free) to a third-party remainder beneficiary. This beneficiary is usually a child or descendant of the grantor.

The goal of a GRAT is for the assets in the trust to grow faster (at a higher interest rate) than the low interest rate published by the Internal Revenue Service (IRS), also known as the Section 7520 rate, used to calculate the present value of the payments made back to the grantor. If this occurs, the accounts or property remaining in the GRAT are transferred to the remainder beneficiaries free of gift taxes.

The following factors can impact the effectiveness of a GRAT:

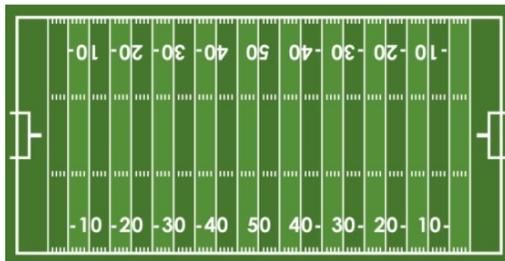
- The health of the grantor and whether the grantor can be expected to live beyond the GRAT term
- The interest rate (Section 7520 rate) for the month in which the accounts or property are transferred to the GRAT
- The nature of the accounts or property being contributed to the trust and their growth potential
- The remaining lifetime gift tax exclusion amount available to the grantor

It is also important to note that the creation of a GRAT will require the filing of a gift tax return to report the gift. With deliberate planning, however, the amount of the gift to be reported can be negligible.

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WEEK 1	WEEK 2	WEEK 3	★ WEEK 4	WEEK 6	WEEK 7	WEEK 8	WEEK 9
 SUN SEPTEMBER <b>13</b> 12 PM CT	 SUN SEPTEMBER <b>20</b> 12 PM CT	 SUN SEPTEMBER <b>27</b> 7:20 PM CT	 MON OCTOBER <b>5</b> 7:15 PM CT	 SUN OCTOBER <b>18</b> 3:25 PM CT	 SUN OCTOBER <b>25</b> 12 PM CT	 SUN NOVEMBER <b>1</b> 12 PM CT	 THU NOVEMBER <b>5</b> 7:20 PM CT
WEEK 10	WEEK 11	★ WEEK 12	WEEK 13	WEEK 14	WEEK 15	WEEK 16	WEEK 17
 SUN NOVEMBER <b>15</b> 12 PM CT	 SUN NOVEMBER <b>22</b> 12 PM CT	 SUN NOVEMBER <b>29</b> 7:20 PM CT	 SUN DECEMBER <b>6</b> 3:25 PM CT	 SUN DECEMBER <b>13</b> 12 PM CT	 SAT/SUN DECEMBER <b>19:20</b> TBD	 SUN DECEMBER <b>27</b> 7:20 PM CT	 SUN JANUARY <b>3</b> 12 PM CT

— BYE: WEEK 5      ★ = GOLD PACKAGE      HOME      AWAY



# BADGERS FOOTBALL

(subject to change due to COVID-19)

**OCTOBER 24 VS. ILLINOIS**

**OCTOBER 31 @ NEBRASKA**

**NOVEMBER 7 VS. PURDUE**

**NOVEMBER 14 @ MICHIGAN**

**NOVEMBER 21 @ NORTHWESTERN**

**NOVEMBER 28 VS. MINNESOTA**

**DECEMBER 5 VS. INDIANA**

**DECEMBER 12 @ IOWA**





*All classes are offered exclusively to our RWay members and their guests.*

Wilson Law Group combines our most valued educational workshops into three convenient half-day events!

**Where:\***

Clarion Suites  
2110 Rimrock Road  
Madison, WI 53713

\*Check our website close to the event or give us a call to find out whether the classes you are interested in will be held online or in person.

**When:**

Saturday, January 23, 2021  
Saturday, May 15, 2021

**Three Ways to Register:**

**Phone**

608-833-4001

**Email**

mail@wilsonlawgroup.com

**Website**

wilsonlawgroup.com

\*All classes are presented by WLG unless otherwise indicated\*

*Symposium II  
Saturday, January 23, 2021*

<b>8:30 a.m.</b> LegalVault	<b>8:30 a.m.</b> Income Taxes for Trusts
Break	
<b>9:45 a.m.</b> Trustee Training: Trust Process	<b>9:45 a.m.</b> Protecting Your Identity & Your Credit
Break	
<b>11:00 a.m.</b> Trustee Training: Administration Process	<b>11:00 a.m.</b> Travel Today: Tips & Safety

*Symposium III  
Saturday, May 15, 2021*

<b>8:30 a.m.</b> Trustee Training: Trust Process	<b>8:30 a.m.</b> Current Events in Estate Planning
Break	
<b>9:45 a.m.</b> Trustee Training: Administration Process	<b>9:45 a.m.</b> Your Vacation Home
Break	
<b>11:00 a.m.</b> Have You Done Your Homework?	<b>11:00 a.m.</b> Leaving a Legacy

**Check out our growing library of workshops!**

1. Go to wilsonlawgroup.com
2. Click “Log in to Watch RWay Workshops” under the red “Free Workshops” button
3. Enter the password **Sinatra2013**

## **Trustee Training: *The Trust Process***

This program will provide attendees with an understanding of estate planning concepts, why a trust is useful in comprehensive planning, and an introduction to the trust administration process. Attendance is a must for every Trustee and successor Trustee. A Trustee Handbook will be included. This program is a precursor for the Trustee Training (The Administration Process) program.

## **Trustee Training: *The Administrative Process***

The Trust Administration workshop provides Trustees with a detailed description of the decisions to be made and the tasks to be completed following the death of a Trustmaker. These include valuing assets, administering retirement plans and annuities, dividing and distributing trust assets, and preparing estate and fiduciary income tax returns. It is important to know how to handle these responsibilities before the need exists. Prior attendance at the Trustee Training (The Trust Process) program is highly encouraged.

## **LegalVault**

This workshop is for anyone who would like to learn more about the benefits and functions of their LegalVault account. LegalVault enables you to keep, track, and review your documents outside of your regular estate planning meetings, control access to your estate planning documents, and add additional documents to your vault that requires privacy. LegalVault also allows healthcare providers to have access to your medical directives at a moment's notice.

## **Current Events in Estate Planning**

As we all know, estate planning is essential to making sure your assets and values pass on to future generations in the way that you want. This program is designed to keep you up to date with how changing laws and court decisions can impact your existing planning. We will discuss the most important changes that can have an impact in your plan.

## **Protecting your Identity & Your Credit *Presented by an Industry Professional***

Identity theft is on the rise, and it has become a very real issue for Americans. Even large corporations like Target and Sony have had massive data breaches. How can you protect yourself? This workshop will review methods to help you safeguard your information against identity theft, as well as help you defend yourself in the event that your information is ever compromised.

## **Income Taxes for Trusts**

Income taxes are often a secondary discussion topic during the course of planning an estate. However, basic knowledge of trust and estate income tax rules is essential to avoiding common mistakes that can cost thousands of dollars. This workshop will provide a practical overview of the issues that arise in connection with the income taxation of trusts and estates.

## **Travel Today: Tips and Safety *Presented by an Industry Professional***

An expert in the field of travel will share key tips on how to plan for and enjoy a safe trip. Topics to be covered include: history of traveling and what has changed; tips for traveling; preparing to fly; special considerations when traveling abroad; most common travel mistakes; top 10 reasons to work with a travel agent; what to keep in mind when using an online travel service; packing/luggage considerations; and concerns regarding COVID-19.

## **Have You Done Your Homework?**

Not only is your trust binder full of important legal documents, it also contains documents to guide your family in implementing your plan. This workshop offers a guided session to completing your Memorandum for Distribution of Personal Property, Remembrance and Services Memorandum, Child Care Exhibit, Key Information section, and other documents that you may customize. Please bring your trust binder(s) and we will identify your "homework" and provide direction on completing it.

## **Leaving a Legacy *Presented by Anita Hecht***

We often pay more attention to passing on our possessions than we do to passing on our life stories. Consider, however, that one of the greatest gifts you can give your current and future loved ones is the story of your life.

Anita Hecht - founder of Life History Services and professional interviewer for Steven Spielberg's Shoah Foundation, as well as numerous oral history projects - will lead us in exploring the value and process of capturing and preserving your most important legacy.

## **Your Vacation Home**

Whether it's a small cabin "up north" or a Florida winter getaway, a vacation home can be a wonderful place for families to gather and create memories. Unfortunately, property or items that create the most joyful memories in life often become painful points of friction without proper planning. Topics we will cover include title issues, renting, gifting, location, and divorce.

# 5 FALL FACTS

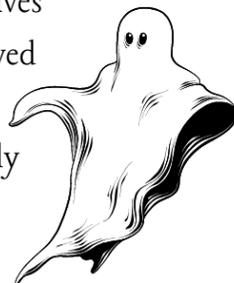


A full moon on Halloween occurs rarely - only every 18 to 19 years. October 2020 has two full moons, making the Hunter's Moon on the 31st an even rarer Blue Moon.

Pumpkin spice contains no pumpkin. It is simply the spice mix used for pumpkin pies. It is made from 3 tablespoons ground cinnamon, 2 teaspoons ground ginger, 2 teaspoons ground nutmeg, 1 ½ teaspoons allspice and 1 ½ teaspoons ground cloves.



Ancient people wore Halloween costumes to disguise themselves from ghosts. The Celts believed that the border between the living and dead was especially thin on Samhain, allowing ghosts to roam the earth.



Squirrels fail to recover up to 74% of the nuts they bury, which is likely responsible for oak forest regeneration.

Fall colors are caused by the amount of sugar in leaves. The more red in the leaf, the more sugar that leaf is storing. Evergreens don't change because their leaves have a thick wax covering that protects the chlorophyll (green) in the leaves.



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2. A **Charitable Lead Trust (CLT)** can also offer significant tax savings if you intend to make charitable giving a part of your estate plan and legacy. This is particularly true in today's low interest rate environment. Similar to a GRAT, a CLT is an irrevocable trust that makes payments out of the trust to a beneficiary (a qualifying charity) over a specified period and is tied to the IRS Section 7520 rate. The period can be a set number of years or for the lifetime of the grantor. Unlike a GRAT, however, a CLT names a charity as the recipient of the annual payments over the trust term. Upon completion of the trust term and payments, the accounts and property remaining in the trust pass to chosen beneficiaries (often children or descendants) free of gift and estate tax. The value of the gift reported on the gift tax return for the year in which the gift was made is calculated as the difference between the amount of the initial gift and the present interest of the sum of all of the payments payable to the charity. Because that present interest value is calculated using the currently low Section 7520 rate, the aim is for the money and property in the CLT to grow at a higher rate, thus allowing more of the growth to be transferred tax-free to remainder beneficiaries at the end of the trust term. In addition, and depending upon how it is structured, a CLT can provide valuable income tax deductions during the grantor's lifetime. It is important to remember that the payments to the charity must be made each year regardless of the performance of the trust assets. Poor investment performance can result in the need to use trust principal to cover the required charitable payments.

3. **Intrafamily loans** are another often overlooked strategy to transfer additional wealth to family members without unnecessarily using up your gift tax and estate tax exemption amounts. These kinds of loans can be an excellent way to help family members recover from low credit scores or eliminate certain high interest commercial home loans, consumer debt, business loans, or education loans, all while keeping interest payments within the family rather than enriching commercial lenders.

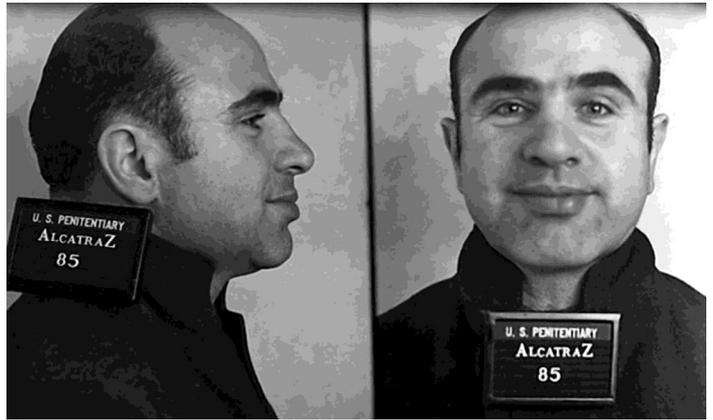
In a low interest rate environment, you could loan a family member money using the Applicable Federal Rate (AFR) as the interest rate over the term of the loan. The loaned money could then be invested by the borrower in assets that are likely to grow faster than the AFR built into the loan. The difference between the AFR payable to the lender and the realized rate of growth of the invested loan proceeds would accrue to the benefit of the borrower and outside of your estate (leaving less to be taxed upon your death). Thus, you can indirectly transfer this growth to your family members without the need to report the "transferred" amount as a gift to the IRS.

As a reminder, even though these are intrafamily loans, this does not mean that they can be informal. Such loans must be properly documented with executed promissory notes and, where appropriate, secured with collateral as if they were arm's-length transactions so that the IRS cannot reclassify all or part of the loan as a gift.

There are several other strategies beyond those discussed that can help you take advantage of these historically low interest rates. Now is a great time to give us a call so we can review strategies for taking advantage of low interest rates. Doing so can maximize your wealth and the wealth of succeeding generations, even in these economically challenging times. We are available for in-person or virtual meetings, as you prefer.

# This Quarter in History

**October 24, 1931** - Chicago gangster "Scarface" Al Capone was sentenced to 11 years in prison for income tax evasion. He spent much of his sentence at Alcatraz.



**October 25, 1881** - Pablo Picasso was born in Malaga, Spain. He was a versatile experimental painter who would go on to invent Cubism, as well as a fine sculptor, engraver, and ceramist.



**October 30, 1938** - The War of the Worlds radio broadcast sent millions of Americans into a panic. Orson Welles and the Mercury Players dramatized the H.G. Wells story depicting a Martian invasion of New Jersey.

**November 22, 1718** - Edward Teach, better known as Blackbeard, was killed off the coast of North Carolina after a long and lucrative career as a pirate.



**December 30, 1916** - In the waning days of the Romanov dynasty, Russian "mad monk" Grigory Rasputin was assassinated. Rasputin had gained enormous influence with Emperor Nicholas II and the Empress Alexandra.

**December 14, 1503** - French physician Nostradamus was born in Provence. He wrote astrological predictions in rhymed quatrains, believed by many to foretell the future.

**December 23, 1888** - Dutch post-impressionist painter Vincent van Gogh cut off his left ear during a fit of depression.

# Celebrate Fall

(SIX FEET APART)

**Pick some apples.** The Madison area features many apple orchards ripe for the picking. **Eplegaarden** in Fitchburg, **Appleberry Farm** in Cross Plains, and **Door Creek Orchard** in Cottage Grove are just a few.

**See the colors.** Check out Travel Wisconsin's Fall Color Report to plan your own scenic tour of our beautiful state. Whether you spring for a short drive or a weekend away, you can't miss this fall's colors. Visit [travelwisconsin.com/fall-color-report](https://www.travelwisconsin.com/fall-color-report) for this year's peak sightseeing times.

**Spot the meteors.** The **Orionids** will peak on the night of **Oct 20 into 21**, the **Northern Taurids** on the night of **Nov 11 into 12**, and the **Leonids** on the night of **Nov 16 into 17**. The crescent moon will provide optimal viewing conditions.

**Buy local.** The Dane County Farmer's Market now allows you to buy directly from your favorite vendors or pick up fresh products via drive thru at set times. You can also donate to the Emergency Farmer Fund. Go to [dcfm.org](https://www.dcfm.org) for details.

**Explore a maze.** Enjoy the crisp fall weather and get lost in a corn maze. There's **Treinen Farm** in Lodi, **Enchanted Valley Acres** in Cross Plains, and **Schuster's Farm** in Deerfield, among others. Bonus: some places also feature hayrides, zip lining, pumpkin patches, and more. Go after dark for an extra thrill.

**Enjoy the weather.** Madison has more than 200 miles of biking and hiking trails, and now is the time to do it. The **UW-Madison Arboretum**, **Glacial Drumlin State Trail**, and **Holy Wisdom Monastery** are all nearby.



## Mark Your Calendars



October 31



November 11



November 26



December 10



December 21



December 25

