

FALL  
2024

# Worth Knowing

## Sun, Sand, and Succession: Estate Planning Tips for Your Vacation Property

### IN THIS ISSUE:

- Sun, Sand, & Succession
- Badger Football Schedule
- RWay Symposium
- Fall Bucket List
- This Month in History
- High School Seniors Can Use a Starter Estate Plan
- Mark Your Calendar



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A vacation property can be one of the most valuable things you can pass down to your loved ones, from both a sentimental and financial standpoint.

However, mixing money and family can be tricky. Without a well-thought-out strategy for the ownership transition, hard feelings and disputes could arise, and the vacation home could be used in ways you did not intend.

Beyond family dynamics and legacy objectives, transferring a vacation property to the next generation also has legal and tax implications that need to be addressed in an estate plan.

**Vacation Homes Are a Store of Memories—and Wealth**

It is that time of year when you and your loved ones may be preparing to spend time on the beach or in the mountains at the family vacation home. Around 5 percent of all housing units in the United States are second homes. There was a more than 16 percent surge in new vacation home purchases during the pandemic. From humble cabins and beach cottages to luxurious mountain estates and lake houses, vacation homes are owned by an estimated 4 out of 10 Americans.

Many second homes are dual-purpose, serving as a family gathering spot as well as a revenue source. Sites like Airbnb and VRBO have made it easier to rent out property.

Continued from page 1

In 2023, the US short-term rental market, comprising more than 785,000 individual hosts, 2.5 million available listings, and 207 million nights stayed, generated approximately \$64 billion in revenue.

### **Vacation Home Estate Planning Considerations**

As you clean up your vacation home and prepare to welcome your children, grandchildren, and other family members for another season of memory-making moments, estate planning may be a distant thought—if it is even on your mind at all.

But ensuring that the home remains a place for the family to gather for generations to come requires addressing it in your estate plan now, while you still own and control it. Here are some points to consider as you balance finances, feelings, and fairness in your vacation home estate plan:

- **Are you still spending time at the vacation home?** This can affect whether you pass the home to your loved ones now or after you die. It is not an all-or-nothing proposition, though.
- **Who is interested in the property?** There might be interest among all your children in keeping the property, only one child who is genuinely interested in owning and using it, or nobody interested in it at all.
- **Do you want to set limits on what can be done with the property?** Think about whether the vacation home can be used as a rental, if family members should have the right to sell the vacation home or their interest in it to people outside the family, the conditions for one family member buying out another's interest, and other limits on what can and cannot be done there.



- **How compatible are your loved ones?** If everybody gets along and has similar income levels, you might not be concerned about their ability to equitably divide ownership rights and responsibilities. But disagreements could still arise over things like who is responsible for paying for upkeep, taxes, and insurance, and who can use the property—and when. And the more family members there are who have a right to use the home, the greater the potential for conflict.

Continued from page 2



These big picture estate planning issues for a vacation home can inform specific strategies such as the following about how to pass the property down:

- Selling the home to a family member
- Gifting the home to family during your lifetime
- Passing down the home to loved ones through the probate process via your will
- Transferring the property outside of probate, either while you are alive or after your death, with a trust or a transfer-on-death

Each of these strategies has a different set of pros and cons that you should further discuss with an estate planning lawyer.

### Talk to a Lawyer About How Best to Keep a Vacation Home in the Family

Family can be complicated. Adding a treasured family vacation home to the mix only adds to the complications.

We recommend talking to your loved ones about the vacation property. Once you get answers to questions like who wants the vacation home, how much they might use it, and if they can take on ownership responsibilities, reach out to us to create a strategy that aligns with your personal circumstances and objectives.



## Badger Football Schedule

Oct. 12 @ Rutgers 11am

Oct. 19 @ Northwestern

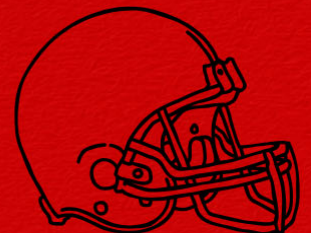
Oct. 26 Vs. Penn State (Homecoming)

Nov. 2nd @ Iowa

No. 16th Vs Oregon (Red Out)

Nov. 23rd @ Nebraska

Nov. 29 Vs Minnesota





All Classes are  
offered  
**EXCLUSIVELY**  
to our RWAY  
members and  
their guests.

**RSVPs are Required!**

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

**Where:**

Clarion Suites 2110 Rimrock  
Road Madison, WI 53713

**When:**

Saturday, April 26, 2025

**Three Ways to Register:**

Phone:

608-833-4001

Email:

mail@wilsonlawgroup.com

Website:

wilsonlawgroup.com

**Check Out Our  
New Format!  
Symposium II  
Saturday, April 26, 2025**

**8:15 a.m. - 9:00 a.m.**

Current Events in  
Estate Planning

**9:15 a.m. - 10:00 a.m.**

Income Tax For Trusts

**10:15 a.m. - 11:00 a.m.**

Planning Under Medicare  
After Age 65

**11:15 a.m. - 12:00 p.m.**

Scams & Protecting Identity

**Can't make it?**

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

1. Go to [wilsonlawgroup.com](http://wilsonlawgroup.com)
2. Click "Log in to Watch RWay Workshops"  
under the red "Free Workshops" button
3. Enter the password Sinatra2013



## Symposium II

### 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.

### Income Tax 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.

### Planning Under Medicare After Age 65

Reaching eligibility for Medicare is a milestone in our lives. You may have questions about benefits, supplemental insurance, prescription drug plans, and more. Enrollment growth, budget pressures, new political directions, and rapid technological change will continue to shape the program's future. An industry expert will discuss the importance of when to apply, benefits covered, why supplemental plans are a strong consideration, and how to maximize your Medicare benefits.

### Scams & Protecting Your Identity

There are many new scams out there today that draw in individuals, and you might end up losing money because you fall into their trap. In this workshop you will learn about different scams, so you don't succumb to them in the future. This workshop will also 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.



## Fall Bucket List

- Visit a Pumpkin Patch
- Take a Fall Foliage Walk
- Go to a Football Game
- Visit a Haunted House
- Have a Bonfire
- Eat an Apple  
Cider Donut
- Host a Friendsgiving

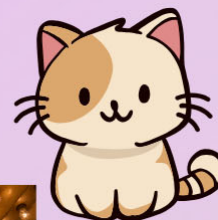


# This Month in History!

October 16, 1701 -  
Yale University  
was founded



October 7th,  
1982 - "Cats"  
premiers on  
Broadway



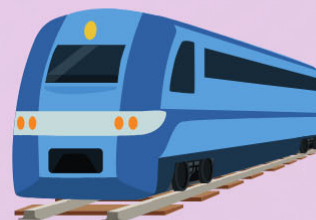
October 12th, 1810 -  
The very first  
Oktoberfest was held  
in Munich, Germany



October 27th, 1904 -  
The New York  
Subway Opens



November 3rd,  
1956 - The  
Wizard of Oz is  
televised for the  
first time.



November 9th, 1872  
- The "Great  
Boston Fire of 1872"  
destroys over 1,000  
buildings.



November 29th,  
1877- Thomas  
Edison displays  
his hand-cranked  
phonograph.



December 2nd,  
1927 - The first  
Ford Model A is  
sold for \$382.

December 11th, 1913 -  
The Mona Lisa is  
recovered two years  
after being stolen from  
the Louvre.



December 29th,  
1862 - The  
bowling ball is  
invented.





## High School Seniors Can Use a Starter Estate Plan

The long, carefree days of summer are nearing an end. If you have a high school senior at home, childhood is also coming to an end for them as they prepare to graduate, turn 18, and enter the “real world.”

You have done everything you can to prepare your child mentally, emotionally, and financially for what comes next. But are they—and you—legally prepared for their official start of adulthood?

Soon, your child will be able to vote, get married, and sign a mortgage. They will also be emancipated from your parental authority. This means that, without signed legal documents, you could find yourself helpless to intervene in an emergency or other situation where your adult child requires aid.

### **Adventures in Adulting**

Parents never stop being parents. No matter how old our kids are, we feel compelled to nurture and protect them. However, our ability to do so is severely limited once our kids turn 18.

It is debatable whether an 18-year-old is truly an adult. Scientists who study the brain say the transition to adulthood is cognitively much more nuanced and, for some, brain development is not complete until people reach their late 20s or early 30s.

Brain research helps explain why many young people engage in risky behavior well beyond the time they reach the age of legal adulthood. The transition out of adolescence is fraught with potential health risks.

The point here is not to scare you but rather to prepare you and your soon-to-be adult child with the resources to meet unexpected possibilities head-on.

Although you may recognize the dangers that await your child in the adult world, you may be unaware that if something happens to them and they have not signed certain estate planning documents and cannot communicate their wishes, you will likely have to petition the court before you can obtain information about them and make decisions for them. And that takes time you might not have.

It does not have to be something bad, like an accident, that triggers the need for a trusted decision-maker. Maybe your child plans to enter the military, attend an out-of-state university, or travel abroad after they graduate. Whatever their plans are, they should have a basic estate plan when they turn 18.

### **The 18-Year-Old’s Estate Plan Starter Pack**

While an 18-year-old may not need a full estate plan, they should at least prepare a few forms that address the new reality of their legal independence and the fact that a parent no longer has the right to manage their affairs.

#### ***Powers of Attorney***



A power of attorney (POA) document authorizes someone else to act on your behalf concerning the circumstances laid out in that document. Typically in Wisconsin, POAs take effect immediately.

- A *medical power* of attorney allows an adult child to designate another person to make medical decisions for them. For example, it could allow you to step in and direct your child’s care in a medical emergency.
- A *financial power* of attorney grants a designated person the authority to conduct financial and legal matters, such as paying bills, filing taxes, and managing banking and investment accounts, on another’s behalf.

## Continued from Page 7

Each state has different rules governing POAs, and more than one form may be required if your child is changing their residence to a different state than you.

### *Advance Directive/Living Will*

Young people tend to feel invincible. But contemplating mortality, and planning for it, is a part of growing up.

One way to plan for a health crisis is with an advance directive or living will, which is a set of instructions that a person uses to outline their healthcare wishes if they suffer a debilitating injury or illness and are unable to communicate. It will specify end-of-life medical treatment preferences such as whether they want a feeding tube, artificial hydration, or a breathing machine to keep them alive.

These tools are commonly confused with a DNR (do not resuscitate) order. DNR orders are not typically included within an estate plan but are instead executed within specific medical facilities like hospitals or assisted living facilities.

While recognized in Wisconsin, advance directives are not legally recognized in all states. They can provide helpful guidance to the person acting under a medical power of attorney.

### *Health Insurance Portability and Accountability Act Waiver*

As either a separate document or included in a medical power of attorney, a Health Insurance Portability and Accountability Act (HIPAA) waiver grants named individuals access to the adult child's protected health information. You will likely need a HIPAA waiver even if your child is still covered under your health insurance.

### **Talk to Your Teen about Estate Planning**

At some point, a parent and teenager should sit down and talk about the legal rights and responsibilities of adulthood. Stress to your teen that, without documents like financial and medical powers of attorney, state law will choose a decision-maker for them, most likely a parent, in the event they are unable to manage their own affairs. If they want a different person making decisions for them, they must name them in legal documents. Also, let them know that preparing legal documents in advance will help them avoid the lengthy and public process of having someone appointed as their decision-maker.

Ready to talk to your teen about estate planning? We are happy to join the conversation and offer professional guidance.

# Mark Your Calendars!



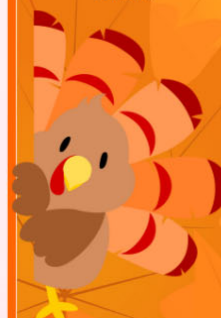
October 14th  
Columbus Day

October 21st  
National Apple  
Day



October 31st  
Halloween

November  
11th



November 28th  
Thanksgiving

December 25th  
Christmas Day



December 31st  
New Year's Eve