

THE FAMILY ADVISOR

ARE YOU WAITING FOR CONGRESS TO DO YOUR PLANNING?

My clients are already aware that there is a federal estate tax that could reduce your estate at your death. The current amount of an estate that can pass tax free (to a non spouse beneficiary) at your death is \$2,000,000. If Congress does not act, under current law the exemption amount is scheduled to sunset in 2011 and drop down to only \$1,000,000 per person. The current tax rate on the amount above the exemption amount is a flat 45%. In other words, a single person dying this year and leaving a net \$3,000,000 estate to their children would leave an estate of \$2,550,000 after the \$450,000 tax payment to the IRS. I don't know about you, but I would rather have my money go to my children or grandchildren than the IRS. \$450,000 is going to help pay for a great college education!

Over the last five years many of my single clients with estates over \$2,000,000, and many of my married clients with estates over \$4,000,000 (2 times \$2,000,000), have put off doing any advanced tax planning because many of them wanted to wait and see if Congress was going to raise the exemption amount. I believe this is a dangerous game to play. Think about it, you are actually waiting to see if Congress is going to pay for your grandchild's college. There are a variety of plans



that can give you control over your estate and take it out of the hands of Congress. This is called advanced estate tax planning. If you fall into one of the estate size categories previously identified (over \$2,000,000 single and over \$4,000,000 married), I strongly encourage you to begin the advance planning process. While I do not believe that Congress will let the exemption amount go down to \$1,000,000 per person, I also do not believe they are going to allow it to be raised significantly from its current levels. I cannot predict the future, but I can help you plan for a reasonably foreseeable event: Taxes.

Estate taxes can be significantly reduced or completely eliminated with careful planning. Over the years, Congress and the courts have given taxpayers a variety of tools to help reduce or eliminate estate taxes. I have advised all of my clients with estates over the exemption amounts that advanced planning can eliminate these taxes for their heirs. Some of my clients have chosen to do their planning, and some have decided to wait and see. If you fall into the later category, I encourage you to set up a free consultation and see how we can help keep your estate intact for your family. I believe now is the time to act, as it is becoming fairly apparent to most observers that Congress is not going to be passing any tax reductions in the foreseeable future. A word to the wise is sufficient.

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This is a legal advisory from the Law Offices of Reed K. Scott

NEW ATTORNEY JOINS THE LAW OFFICES OF REED K. SCOTT

I am very excited to have a talented new attorney join the firm. Peggy Nicholson joined us in January of this year, and she is already having a tremendous impact on the practice. Many of you have met Peggy at your 3 year reviews or have talked with her on the phone.

Peggy's French and American legal background allow a great diversity of representation in the area of estate planning and tax. A native of France, she has earned advanced law degrees in France and in the United States. She graduated with honors from the law school of the University Paris-X Nanterre, France. She also obtained a law degree from University Paris I Pantheon-La Sorbonne in European and international law. After completing a Master of Business Administration at the University of St. Thomas, Minnesota, she worked in the area of tax, gaining valuable experience in representing taxpayers before the Internal Revenue Service and the Franchise Tax Board. Peggy passed the two toughest state BARs in the country in the same year (California and New York). This told me she was not only bright, but dedicated. While working, she obtained her first LLM in US Legal Studies from Golden Gate University School of Law. As she deeply enjoys helping families plan for the future and the security of their loved ones, she has decided to concentrate her career on estate planning and tax. She is currently enrolled in the LLM tax program at Golden Gate with an emphasis on estate planning. She joined the Law Offices of Reed K. Scott where her practice focuses on counseling in the fields of estate planning, tax, trust administration, and probate.

Peggy is dedicated to helping families secure their future. She also enjoys assisting her community and has provided tax preparation help for needy individuals through Tax Aid.

On a more personal note, Peggy enjoys a close marriage with her husband, Mark, and is the proud mother of Alexander.

Professional memberships and affiliations:

- Member of the State Bar of California
- Member of the American Bar Association
- Member of the Alameda County Bar
- Member of the State Bar of New York
- Member of the Contra Costa County Bar
- East-Bay Co-Chair of the Bay Area Young Tax Lawyers

HAVE YOU TAKEN ADVANTAGE OF YOUR FREE 3 YEAR REVIEW?

Many of my clients have been in to take advantage of their free 3 year review. If you are due for a review and you haven't responded to our mailer, please call in and set up an appointment for this valuable free service.

The three year review meeting is an important part of insuring that your estate plan is up-to-date, and that there haven't been any changes that could negatively affect your loved ones. There is no additional charge for the 3 year review meeting itself. There is only a charge if a modification needs to be made to your plan. In other words, roughly 80% of our clients who come in for their 3 year reviews have no additional charges. They do, however, walk out with the peace of mind that comes from knowing their plan is still going to work for them. Many attorneys do not provide this service, and unfortunately if the plan is not current, your family won't know something is out of date until it is too late.

If there is a change that needs to be made, this can be done with an amendment. Typical amendment fees range between \$300-\$500, depending on the complexity. An amendment might be needed to change the way your estate is distributed, or who will be in charge. Remember, if you are changing Successor Trustees, this will typically also impact your pour-over will and your power of attorney documents, as these people are usually the same throughout an estate plan.

As mentioned earlier, most people don't need an amendment or a change. In that case we are simply checking to make sure any newly acquired assets are in the trust, and that nothing has changed in your family or asset situation that would impact your planning. I believe many of our clients chose our firm because they wanted to make sure they had a local attorney that was going to be there for their family when needed.

I encourage everyone to take advantage of this service and to respond to our three year review letter when you receive it in the mail. If it has been three years since you created your plan with us, and you haven't received a notice for a 3 year review, please call in and ask to be scheduled for this free service.

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TECHNOLOGY UPDATE

Many of my clients have asked me how we backup and protect their data so I thought I would devote a paragraph or two on the technology we use in the law firm.

First of all, we are very fortunate to have Anchor Networks as the technology manager for the firm. Anchor Networks is run by Martin Cox, a Pleasanton resident, but they have clients all over the United States. Marty has worked for Cisco Systems and has a tremendous background as a technology consultant. Anchor Networks provides the type of technology support that you do not usually find in a smaller business. Not only are our systems behind multiple levels of firewalls and security, but our systems are monitored 24 hours a day seven days a week.

The Law Office has mirrored disk systems which means everything on one storage disk is automatically backed up on an exact copy of that disk. We also have a full disaster recovery plan in place so that in the event of an earthquake, flood or fire we can duplicate all destroyed files by the next day.

When I talk to other attorneys, I find that very few of them have a disaster recovery plan for their files, or the plans they do have are very suspect. With the help of Marty and Anchor Networks we have been able to put a technology infrastructure in place to protect our client's data that is not usually available to smaller law firms, and for that matter very few large firms. This is one more step we have taken to protect our client's loved ones.

WHO ARE THOSE PEOPLE?

I am very proud of the excellent staff we have at the Law Offices of Reed K. Scott. I hope that if you have called into the office you have found the staff to be courteous and helpful. In case you are wondering about who works in the office, here is a brief synopsis.

Our receptionist and legal assistant is SaVita Singh. SaVita is finishing up her paralegal certificate and is usually the voice you hear on the other end of the phone when you call our office. She has a tremendous personality and enjoys working with people. I think this comes across on the phone. Please say hello the next time you call in. SaVita is a great organizer and makes sure everything in the office is in its place and easy to retrieve. Every time we give SaVita a new project she surprises us with how well she gets it done. She has been a great addition to the team. SaVita used to teach dance, and she also plays the piano and guitar.

Jennifer Mann joined us last spring and she is wonderful. She started out as my receptionist and has gone on to take responsibility in almost every area that a non-attorney can. She is a great addition to the team and the person we always go to when we want something in the office. Jennifer assists Peggy and myself in Trust Administration and probate work, as well as assisting with our estate planning clients. Jennifer is originally from Seal Beach and graduated from California State University at Fullerton. Jennifer has a tremendous work ethic and takes pride in seeing things through to completion. When she isn't working Jennifer likes to go hiking, dancing and boating.

Of course we introduced Peggy Nicholson in a separate article of this newsletter, but in case you missed it, Peggy is the other attorney in the firm. Peggy has a tremendous background representing taxpayers before the IRS, and besides doing estate planning she is also running the Trust Administration and Probate areas of the firm. Peggy has a great eye for detail, and always has great ideas for ways to improve the firm. Peggy loves volleyball and used to play quite a bit before the recent addition of her 7 month old baby boy, Alexander. We know she'll be playing again soon.

We almost always have a legal intern on staff. The legal intern is a law student or recent law school graduate who is helping us with legal research and other areas as necessary. The legal intern usually works part-time, and there is a new one every three to six months as they are gaining experience while going to school or preparing for the BAR. If you have someone in your family who may be interested in a legal internship in an estate planning law firm, please have them contact Peggy Nicholson at peggy@reedscottlaw.com. These opportunities usually become available two or three times per year.

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Planning for your Peace of Mind™

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SEMINAR UPDATE

As my clients who have attended my seminars know, I love doing seminars. I have found them to be a great way to meet people and to convey a lot of normally dry information in a little more entertaining fashion. One of my clients asked me the other day, why I did seminars? My immediate answer was: I like doing them. Many estate planning and tax lawyers do not like to speak in public, therefore they spend their time and money building referral networks with financial advisors. Unfortunately, this limits public access to good information.

I have been very fortunate over the years to build up a great referral network. A large number of my clients now come to me as a referral from an existing client or one of the many talented professional advisors I work

with. Despite the fact that many of my clients are from referrals, I will continue to do seminars because I have so much fun doing them. I even encourage my referral network to send people who need estate planning to one of my seminars, rather than directly to my office. This really accelerates the understanding of the planning process, and does so in a non-threatening and hopefully entertaining way.

If you have friends and family that need to learn more about estate planning I encourage you to urge them to attend one of my upcoming seminars. We have included a schedule of seminars here, but they can also go to my website www.reedscottlaw.com to find a complete schedule or to register online.

UPCOMING ESTATE PLANNING SEMINARS

Pleasanton Hilton

7050 Johnson Drive

Thursday, May 3rd, 7:00pm-9:00pm

Thursday, May 10th, 7:00pm-9:00pm

Saturday, May 12th, 10:00am-Noon

Thursday, May 31st, 7:00pm-9:00pm

Marriott Residence Inn

11920 Dublin Canyon Road

Saturday, May 5th, 10:00am-Noon

To Register, visit our website
www.reedscottlaw.com or
call (925) 225-1025

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For more information on our firm visit our website www.reedscottlaw.com

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