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## How Estate Planning Makes Your Life Better

*“... To maintain control and ensure your wishes are followed are the reasons you do estate planning; that’s why it’s important to ensure those wishes are known properly. The only way to do that is with a fully coordinated estate plan written by an estate planning attorney ...”*

For many people, estate planning means “getting a will,” which says “who gets my stuff when I’m dead.” Not very exciting, would you agree? This view of estate planning leaves out the many ways an estate plan can make life better for you now! And it doesn’t begin to show how estate planning can create a better future for your loved ones. Here’s a list of some of the more common ways we help families solve problems and secure a better future:

**Protect what you have:** An estate plan can be designed to shield your assets against risks such as lawsuits, malpractice claims, and bankruptcy. In fact, several states are competing to have the best asset-protection laws.

**Protect their inheritance:** This one is quite common among our clients—you can gift-wrap a child’s inheritance in a protective trust. When you do that, you’ll shield the inheritance from such things as divorce, lawsuits,

bankruptcy, or the beneficiary’s poor money management. You can even set it up so your children are in charge of their trust, if that’s your wish. It can be the best of both worlds—they have access to their inheritance, but nobody else does. Protect your privacy: Using a Revocable Living Trust bypasses the probate system, which means that there is very little information about your estate available to the public.

**Reduce your taxes now:** For example, this could mean reducing what you’re forced to take from your IRA each year (your “RMDs”). In other cases, it means being able to convert an IRA to a Roth IRA without paying any tax! Or it might mean legally avoiding the capital gains tax on the sale of a property or other assets. In fact, in the estate planner’s toolbox, there are about 10 different ways to legally avoid capital gains tax. Another strategy allows you to postpone the payment of the capital gains tax for up to 30 years—with no interest accumulating!

**Reduce taxes on your estate and make a greater impact:** There are

just three buckets that can receive your estate: family, taxes, and philanthropy. The last category (we call it your “fingerprints”) means you’re making an impact—in the local community or elsewhere. Here’s the hard truth: you can’t choose to have everything go into the bucket for your family, because that causes the biggest tax bite! But the next thing you need to know, even though at first it doesn’t seem to add up, is that, when you use part of your estate to benefit great organizations and causes, not only does the tax man get less, but, when done right, your loved ones get more!

**Simplify business sale or succession:** If a business is the family’s major asset, the estate plan may mostly deal with what to do while you’re living, in order to get the best price for the business and ensure a smooth transition. Often this is a gradual process, over many months or even years, ideally guided by the family’s tax, financial, and legal advisors.

**Preserve inheritance and the family business:** What can be done when the major asset is the family farm or business, but not

all the children are, or want to be, involved in taking over? If everyone’s inheritance must be equal, does that mean the children who aren’t interested in the business are given voting rights? When we help families resolve these dilemmas, we’re not only preserving the value of the business, but we’re helping preserve the family relationships as well.

**Protect your home and savings from long-term care expenses:** Having a loved one fall victim to dementia or Parkinson’s disease is hard enough, but the financial burden of long-term care is more than most families can support. We regularly

use approved, legal methods that safeguard a family’s assets from being devastated by the costs of care.

**Protect the “Red Corvette Trust”:** One family I know of wanted to make their plan purposeful—something more than “dumping and dividing” the inheritance among their children. They left the inheritance in a trust that they called “The Red Corvette Trust,” which I thought was very creative. But the purpose behind that name was to remind their children that the money was to be wisely invested and spent; it was not to be blown

on expensive but temporary enjoyments, such as buying a red Corvette. That car, like most, could end up in a junkyard, but wise investments and careful spending would mean that the trust assets would help the children for decades, perhaps for more than one generation. In other words, they wanted their family to avoid the fate described in the saying: “Shirtsleeves to shirtsleeves in three generations”: the grandparents make the money, the children have a great time enjoying and spending the inheritance, and the grandchildren have to start all over again.



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