

## The Estate Planning League: Who is on Your Team?

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By Patricia H. Char

Teamwork. We hear that word in different contexts – sports, business, school – whenever different talents and skills contribute to a better final product. Teamwork also is important in estate planning. A client who understands the roles and relationships among estate planning professionals will be able to more efficiently utilize their services.

Envision a young couple, just starting out, John and Jane Doe. Where do they turn to start the process of estate planning? Recommendations may come from friends, family, their investment adviser or other sources. Eventually, they may start working with an attorney, who helps them draft basic documents, which include a will, durable powers of attorney, and a healthcare directive. They also may work with an accountant who assists with their income tax returns.

The Doe family may turn to an investment or financial advisor for guidance not only with their financial assets, but also for advice regarding estate planning strategies. They may turn to a life insurance professional to help identify life insurance coverage.

Before the Doe children are in a position to manage gifts or an inheritance, the Does also may want their property to benefit the children in the event of untimely deaths. So, they may seek out a professional trustee to manage investments or to make discretionary decisions about distributions for the benefit of any young children or beneficiaries with special needs.

Over time, the family may contribute to charities. They discover that planned giving options may be of interest. They consult with and discuss choices with the development officer at their favorite charity.

As the Doe family estate plan grows in complexity, these professionals should not operate in isolation. Nor should they duplicate or compete for the work of the others. Rather, the objectives of the Doe family would be best met if they and their professional advisers work together.

For example, the Does may decide to start giving their family business to the next generation. The decision is not one that they will make overnight. They may want to discuss and understand their options. Should they create a trust? Should they form a new entity? How much should they give? What is the financial impact of the gift for the Does and for their children? Do they make the gift all at once or over many years? Is it possible to structure the gift to minimize transfer taxes and preserve value for the family?

Listening to the perspectives of different professionals, before any structure is put in place, will help the Does plan and understand the impact of their decisions. Their attorney may point out the legal formalities that must be met to accomplish their objectives, such as creation of a trust. Their accountant's job to prepare required tax filings and to advise regarding possible financial impacts of transfer taxes or income taxes will be simplified if accountant and attorney communicate regarding the type of trust created. If a trust is to be formed, the trustee will have certain duties, make investment decisions, and be obligated to follow trust agreement directions for distributions to the Doe children. The trustee's future and ongoing role is facilitated if the trustee and attorney communicated in advance about the trustee's requirements for investments or the trustee's ability to make discretionary distributions. Coordination between the trustee and accountant will assure more accurate tax reporting. Questions may arise about transferring assets or valuating the business interests.

Before embarking on any estate plan that involves more than a basic will and powers of attorney, the Does may want to know the following about their "team":

1. What advisers should be consulted in advance to accomplish the Does's objectives?
2. What is the role of each adviser or professional?
3. Are the advisers experienced and familiar with estates or circumstances similar to that of the Does?
4. Are the advisers willing to listen, work with and communicate with each other to further the Doe family's objectives.
5. Who will "quarterback" or lead the team?

Organizations, such as the Estate Planning Council of Seattle, provide opportunities for estate planning professionals to discuss issues relevant to assuring that individuals such as John and Jane Doe receive necessary advice and assistance. Each of these professionals brings a different skill and educational background to the estate planning discussion. Each may have a different role. All have the same objective in assuring that the estate plan of their client reflects individual wishes and that the plan is properly documented and followed.

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