

# ESTATE UPDATE

THE ESTATE PLANNING & LEGAL NEWSLETTER OF THE LAW OFFICE OF SJOSTROM, LOFTHUS & ROUSAR, PLLP

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## ADD THESE ITEMS TO YOUR LIST OF THINGS “TO DO” BEFORE YOU HEAD SOUTH FOR THE WINTER

As fall begins each year, many Minnesotans begin their annual journey to areas with warmer winter climates. Not surprisingly, many of our clients also travel to Arizona, Florida, Texas and other places in search of less frigid temperatures. If you are preparing for your “snow bird” destination, we would like you to add a few items to your “To Do” list.

**1. Real Estate Ownership.** Some of our clients have purchased real estate in the southern states. Proper titling of these assets can minimize probate, time and cost after death. Your Estate may have to be probated in each state where you own real estate. Revocable Trusts, Joint ownership, and beneficiary type Deeds are just a few of the tools you can use to eliminate probate in other states. If you have any questions about the ownership status of real estate you own in another state, please find your “deed” and give us a call before you head south for the winter.

**2. Autos & Mobile Homes.** If you own your Minnesota car and your

“southern” car or if you own a mobile home, the titling of those assets is just as important.

**3. Bank Accounts.** A number of our clients also have their Minnesota bank accounts and their “southern” bank accounts. If you have a revocable trust, you should verify that the title of those accounts are properly held in the name of the trust.

**4. Estate Plan Review.** As your life, the lives of your family members, and your assets change, the details of your Estate Plan should be reviewed in order to assure that your plan accurately reflects your desires. We offer a free ½ hour Estate Review to accomplish this “To Do” list item.

To prepare for a meeting, please compile a summary of your assets (i.e., financial statement, current account statements, etc.), review your Estate Planning documents and bring them all to our meeting.

We look forward to helping you have an enjoyable and warm winter.

## REVERSE MORTGAGE: Do I need one of those?

When you are young and you buy a home, you have a “regular” mortgage and you make monthly payments to the bank until the mortgage is paid off. When you are 62 or older and you try to find ways to increase your income, you have the ability to obtain a “reverse” mortgage which has the bank paying you out of the equity in your home.

Generally, you don’t have to pay the reverse mortgage back until you move or die, the money you receive is not taxable, and your income level is not a factor in whether you are eligible for a reverse mortgage.

However, there are some important issues to consider as you investigate whether a reverse mortgage is right for you. The origination fee will likely be very high, the amount of the debt increases over time, and all of your homestead equity can be used so your heirs may get nothing.

If you are looking at the possibility of obtaining a reverse mortgage, take the time to speak to your financial advisor. If you don’t have a financial advisor, we would be happy to give you the name of an investment professional who can discuss your overall financial situation.

### ESTATE PLANNING IS:

TAKING THE NECESSARY TIME TO PROTECT WHAT YOU HAVE SPENT YOUR ENTIRE LIFETIME CREATING.

If you have a **WILL** and it has been more than three years since you have reviewed it, please contact our office for an **ESTATE REVIEW**, the first ½ hour is **FREE**.

If you have a **TRUST** and it has been more than one year since you have reviewed it, please contact our office for an **ESTATE REVIEW**, the first ½ hour is **FREE**.



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## RETURN SERVICE REQUESTED

### LEGAL PLANNING TIPS: SMALL IDEAS WITH A BIG IMPACT

**ESTATE PLANNING TIP: MAYBE WE DON'T NEED A PROBATE?** - Minnesota, as many other states, has long had a statute allowing the collection of personal property (not real estate) without a probate court proceeding after death by a person entitled by law to the property as long as the total value of the deceased person's estate did not exceed a specified amount. In the past, this limit was \$20,000 in Minnesota; but, as of August 1, 2009, that limit increased to \$50,000. This means that some small estates which would have had to be probated in the past can now be distributed without any Court involvement; thus saving time and money. The collection document is called the Affidavit of Collection. It can't be used until 30 days have elapsed after the date of death and must contain information specified in the statute. A certified copy of the death certificate must also be attached.

**BUSINESS PLANNING TIP: BUYING REAL ESTATE** - As we have heard, it's currently a "buyer's market" for real estate. This is true for the residential real estate market, and it is also true for the commercial real estate market. If you have a need to find a new location for your business and you are interested in purchasing a warehouse, office building or office condo, we would be happy to assist you in navigating the purchase process. The documentation involved in purchasing commercial real estate can be more involved than the purchase of a homestead. Therefore, it is important for you to protect your business by having legal counsel when you are given numerous documents to sign. If you are looking to purchase commercial real estate (or residential for that matter), give us a call.

**PERSONAL PLANNING TIP: LONG TERM CARE INSURANCE** - Minnesota now has a long term care insurance program which provides an incentive to the frustrating and frightening question of whether you should purchase long term care insurance. In general, according to the Minnesota Long Term Care Partnership, if you purchase a qualifying long term care policy, you can protect assets up to the amount of the insurance you purchase. In other words, if you purchase a policy with a maximum long term care benefit of \$300,000.00, after the policy is exhausted and you apply for Medical Assistance in Minnesota, you will only have to spend down your assets to the \$300,000.00 level. This means that you will be protecting assets. Not all long term care policies qualify, so you should talk to your financial advisor or insurance agent to discuss this option. If you are looking for a professional who can discuss these issues with you, we can connect you with the right people.

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