ESTATE UPDATE

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

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SEASONS GREETINGS AND HAPPY NEW YEAR

ESTATE & GIFT TAX UPDATE: For 2012, there will be no Federal Estate Tax on Estates under $5 million and no Minnesota Estate Tax on Estates under $1 million.

For 2012, the annual gift tax exclusion (how much money you can give to any one person without incurring a gift tax consequence for yourself) remains at $13,000.00.

THANK YOU

As 2011 races to a close, we are amazed that another year has come and gone. We're thankful for all of our clients and recognize that it is a privilege to work with each of you.

Most businesses grow through the referrals from others. Thank you so much to those of you who have given our name to your family, friends and colleagues.

As you read this newsletter, if you have any recommendations for future articles, please feel free to let us know.

CHECKING BENEFICIARY DESIGNATIONS

For many of us, we create our beneficiary designations at the time we start a job, purchase a life insurance policy or update our Wills. Since your beneficiary designations will supersede the terms of your Last Will & Testament or your Revocable Trust, we recommend that our clients do a regular review of their beneficiary designations to make sure their wishes are carried out at death.

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*.

SJOSTROM, LOFTHUS & ROUSAR, PLLP
ATTORNEYS & COUNSELORS AT LAW
801 Twelve Oaks Center Drive - Suite 818
Wayzata, Minnesota 55391-4635
website: www.slrlawyers.com

Donald R. Sjostrom 952-475-3611
E-mail dsjostrom@visi.com

Eric R. Rousar 952-475-1001
E-mail erousar@visi.com

RETURN SERVICE REQUESTED

LEGAL PLANNING TIPS: SMALL IDEAS WITH A BIG IMPACT

ESTATE PLANNING TIP: **DIGITAL INVENTORY -** In our last newsletter, we recommended making a master list of all of your usernames and passwords of online accounts for yourself & your heirs. After giving that direction, we decided to make a few additional comments about this subject. As the reach of electronic activity increases, the extent to which we need to protect our electronic "property" is becoming greater. In addition to the need to create a master list of usernames and passwords for accounts, many of our clients have now have what could be called "electronic assets". For example, to save storage space on a home computer, some people store all of their family pictures "in the cloud". This means they have uploaded their personal pictures to an offsite computer storage facility. Although these pictures may not have great monetary value, their sentimental value cannot be calculated. If you are the only one who knows how to access the pictures, your family may lose access to them if you become disabled or pass away. Additionally, some of our clients have digital assets, such as PayPal accounts with cash balances or revenue accounts through online business activities. These assets do not generally come with a monthly statement that ends up in a postal service mailbox. Because each person's digital footprint is likely larger that we realize, we recommend creating a master list of usernames and passwords as well as online accounts and ditigal property. Once you have created such a list, we also recommend saving this master list in a way that protects access to the list itself. If you save this master list on your computer, set up that list with its own password. Since this is your master list or "digital inventory", the more sophisticated the password the better. If you use a secure master list, you can essentially end up needing to remember only one password from here on out.

PERSONAL PLANNING TIP: **CHARITABLE GIFTING FROM IRAS -** You still have time this year to engage in some tax planning strategies. One strategy is to make a contribution to a charity from your retirement accounts. If you are 70½ or older, you can make a tax free contribution to an eligible charity from a traditional IRA, SEP IRA, Simple IRA or a Roth IRA. The contribution must be made directly from your IRA to the charity, meaning you can't take the distribution and then make a donation with the funds. This strategy can be used with your required minimum distribution for the year (RMD) if you have not already taken your RMDs for 2011. This tax strategy is set to expire this year. If you wish to take advantage of this planning option, you should discuss your desire with your accountant and financial advisor.

If you would like our newsletter e-mailed to you, please send an e-mail to erousar@visi.com with the word "newsletter" typed in the subject line and your name in the body of the e-mail.

DISCLAIMER: The contents of this newsletter are presented as general information and are not intended as legal advice to apply to any person or particular situation. Additionally, be mindful that the law is constantly changing and you should always inquire about the present state of the law in reference to all matters. If you have any questions concerning any matters covered in this newsletter, you should consult with an attorney for legal advice based on the individual circumstances of your situation.