

ESTATE UPDATE

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

VOLUME 10, NUMBER 2

WINTER 2014

MINNESOTA'S TRANSFER ON DEATH DEED

Is it a universal solution for all Estate Plans? Probably not.

Since the legislature created the Transfer On Death Deed (TODD) several years ago, TODDs have become a popular planning tool. A TODD transfers the owner's (Grantor) interest to one or more persons (Grantees) at death as a beneficiary designation. While the TODD must be recorded during the lifetime of the Grantor, it is effective only at the death of the Grantor. Until then, the Grantee has no interest in the property and the Grantor can sell or finance the it and can revoke the TODD. Upon the Grantor's death the property passes to the Grantee without probate.

The TODD has become a useful planning tool for many families. It may seem that the TODD is the answer to every situation; but, it is not always the best answer to your Estate Planning needs. For example, if there are multiple children receiving ownership in the property, will they (and their spouses) be able to agree on management or sale of the home, cabin or farm?

This can result in family disputes that could have been avoided through a single appointed representative's or trustee's management. Also, if one of the named beneficiaries dies before the Grantor, there may be a complicated process to get the title clarified.

Give careful consideration of whether a TODD is the best answer in your family's situation. Discuss it with your planning attorney, and perhaps with your family members. If you have a TODD, be sure it is recorded promptly. If a Grantee dies, be sure to contact your attorney and determine if changes should be made.

MINNESOTA ESTATE TAX

On January 1, 2015, the Minnesota unified credit level increases to \$1,400,000.00 per person. With proper planning, spouses will be able to pass \$2,800,000.00 to heirs without tax. Please give us a call if you have questions about how this increase effects your Estate Plan.

MERRY CHRISTMAS & HAPPY NEW YEAR

Another year is about to conclude. They seem to go by more quickly each year. We're thankful for all of our clients and recognize that it is a privilege to work with each of you.

We greatly appreciate each of our clients who referred their family, friends and colleagues to our office.

As we look forward to the beginning of 2015, we are honored to continue working with you. If it has been a number of years since we've met, consider making an appointment to review your plan.

We truly hope that you enjoy the holidays and that your new year is blessed.

ESTATE PLANNING IS:

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

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**.



ESTATE PLANNING TIP: UPDATING YOUR BENEFICIARY DESIGNATIONS - Many of our clients who have created Wills or Trusts, have reviewed those documents and even updated those documents over time. As we tell our clients, your Estate Plan is dynamic and it will change over time as life events dictate. Additionally, beneficiary designations are a key part of your Estate Plan. In fact, beneficiary designations even override the terms of your Will or Trust. Therefore, we recommend that our clients take the time to review all of their beneficiary designations (i.e., 401(k)s, IRAs, Employer benefit plans, Employer life insurance, personally owned life insurance, annuities, etc.) on a regular basis as well. Just as your Will might need to be updated, it might be necessary to revise the beneficiary language on your assets. A well crafted Estate Plan includes properly drafted and regularly reviewed beneficiary designations.

BUSINESS PLANNING TIP: ANNUAL BUSINESS RENEWALS: As the year end approaches, we remind you that nearly all Minnesota business entities require an annual renewal each calendar year. This includes corporations (both business and non-profit), LLCs, LLPs, Limited Partnerships and assumed names. Failure to renew may result in the entity being administratively dissolved (terminated). Renewal forms are available on the Secretary of State's website and can be filed on-line, by mail or in-person at the office in St. Paul. If you have questions or need help, please call our office.

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

PERSONAL PLANNING TIP: YEAR END TAX PLANNING TIPS - As 2014 ends, you still have time to get prepared for income tax season coming in 2015. Here are a few items to consider: [1] organize your financial records to make tax preparation easier; [2] make year end charitable giving prior to December 31, 2014 in order to take a charitable deduction on that gift on your 2014 taxes; [3] meet with your tax advisor before the end of the year to see if there are any tax saving opportunities available to you; [4] determine whether you can still contribute to your retirement account(s) or if you have already reached the maximum allowed contribution levels; and [5] take your required minimum distribution (RMD) on retirement accounts if you are older than 70½.

DO YOU WANT TO RECEIVE AN E-MAIL COPY OF ESTATE UPDATE?

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.