



Your Family Matters™

Helping You Protect Your Family.....Today and Tomorrow

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KEYTLAW, L.L.C.

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Values, Not Just Valuables



The “greatest generation”—people in their 60s to 80s who lived through World War II—will transfer assets of approximately \$7.5 trillion to their boomer children upon their deaths. Despite this potential windfall, a recent

survey commissioned by Allianz Life Insurance Company and the consulting firm, Age Wave, found that the non-financial aspects of leaving a legacy are 10 times more important to parents and their children than the financial aspects. But people rarely address these family values and traditions, memories and stories, and personal possessions with emotional value, when developing a financial plan.

THE GENERATION GAP

The survey also showed that family conflicts often arise over the fulfillment of last wishes, selection of personal representatives, or distribution of sentimental personal possessions. In fact, distribution of personal possessions was five times more likely to cause family conflicts than the amounts and distribution of money. Hurt feelings about not getting granddaddy’s watch, or resentment over who got the Lionel train set, can overshadow a parent’s sincere intent to be generous, fair, and practical.

MOM ALWAYS LIKED HIM BEST

The survey showed that families with more than one child usually have an “alpha child”—the one who the parents rely upon for assistance and guidance

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The Grapes of Roth: The New 401(k)

There's an important new retirement account that became effective as of January 1, 2006. The new kid on the block – the Roth 401(k) – can potentially help you sweeten your retirement “pot.”

KEY POINTS TO CONSIDER

The Roth 401(k) allows participants to make after-tax salary contributions that can be withdrawn tax free. (Traditional 401(k) contributions are taxed upon distribution.) The funds need to be held for five years after you begin contributions, and until you reach age 59½, before tax-free withdrawals can begin. Unlike the Roth IRA, there's no income limit for participants. But one drawback is that current pre-tax 401(k) balances may not be converted to Roths.



SEPARATE, BUT NOT EQUAL

Expect to see more administrative headaches with the implementation of these new retirement vehicles. If a plan allows both traditional and Roth 401(k) contributions, they must be maintained in separate accounts. In addition, if a Roth 401(k) plan provides for a

matching contribution, the match must be put into a traditional 401(k) account. This applies even if you're directing all of your contributions into a Roth 401(k).

A BENEFICIAL ROLLOVER

Money from a Roth 401(k) can be rolled over into a Roth IRA. Current regulations require that Roth 401(k) plan participants take distributions from the plan no later than age 70½. However, this minimum distribution rule does not apply to Roth IRAs.

THE SKY'S NOT THE LIMIT

There are salary limits that apply to the combined total of the traditional and Roth 401(k) contributions, so it's important that you check with your financial advisor before making any decisions. ■

New CPR Rules Will Save More Lives

What's the most common reason people die from cardiac arrest? The answer is that no one nearby knew CPR, or if they did know it, they didn't do it. In sudden cardiac arrest, the heart has stopped beating.

New guidelines by the American Heart Association for cardio-pulmonary resuscitation (CPR) are simpler and less intimidating to a bystander thrust into the role of rescuer.

Now it's simple. Call for help, push the chest, and don't stop. Two rescue breaths can be given before pushing on the chest and after every 30 compressions, but mouth-to-mouth is now



optional. Until emergency medical responders arrive, chest compressions alone can often be just as effective in saving a life.

Authors of the new guidelines say the more times a person pushes on the chest, the better off the patient is. Compressions cause blood flow to the brain and other vital organs. When someone collapses, doesn't respond to shaking, and isn't breathing, CPR can save his life.

Here's what to do:

Position the person flat on his back, tilt the head back, and lift the chin until teeth nearly touch. (It's optional to pinch the nose and give two full breaths that are two seconds long and produce a visible chest rise.) Place your hands in the center of the chest between the nipples, one hand on the other. With elbows locked, press the heel of your hand into the chest. Give 30 compressions for every two full breaths. Repeat until medical help arrives.

About 250,000 people die of cardiac arrest in the U.S. each year. By knowing what to do, you can possibly help save a life. ■

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during important times. This child is usually named as executor or trustee in the parents' wills or trusts. Ironically, the survey found that each sibling tended to think that he or she was the alpha until the moment when the parents' selection became known. Latent sibling rivalry can be brought to the surface if parents do not discuss the selection of personal or healthcare agents with their adult children before a crisis requires the agent to act.

LEAVING MORE THAN JUST "STUFF"

There are numerous ways that you can work with your financial advisor to convey values, family histories, and non-financial legacies and ensure a smooth transition to the next generation.

- ✓ Talk to your advisor about leaving a legacy, rather than just an inheritance.
- ✓ Hold meetings with your children and advisors before a crisis arises, to ensure that everyone understands your wishes. This will reduce the potential for later misunderstandings.
- ✓ Ask your advisors to hold workshops for successor trustees and personal representatives to help them perform their duties effectively.

By conveying more than just financial wealth to your heirs, you can define your non-financial legacy. You can also teach them the true meaning of the over-used marketing phrase, "value-added." ■

New Bankruptcy Act Impacts Retirement Funds



The new Bankruptcy Act became effective in October 2005. As a result, it's now more challenging for people to protect their assets during a personal bankruptcy. It does, to its credit, offer more protection for retirement accounts.

ASSET PROTECTION

Under the old act, if a retirement fund was with an employer, there was a good chance that it was protected from creditors. Non-employer sponsored plans weren't always so lucky. But now, under the new act, traditional IRAs, and Roth IRAs (up to \$1 million), 401(k)s, 403(b)s, 457 plans, and SEPs, SIMPLE IRAs, and KEOGHs, are all protected from creditors. In the past, if a retirement asset was not protected under a federal law, it became an issue that would be decided on a state-by-state basis. Now, it will all be covered under the new federal Bankruptcy Act.

LIMITATIONS ON IRAS

There are exceptions to every rule. The \$1 million limit on traditional and Roth IRAs only applies to assets that stem from direct contributions to IRAs. If the IRA was rolled over from a previous employer's 401(k) or similar plan, there is no limitation. As a result, it may now be beneficial for you to keep rollover funds in a separate IRA account from direct contribution retirement accounts. Otherwise, it may be difficult to identify those assets that have "unlimited protection" from ones that are subject to the \$1 million limit.

OTHER RETIREMENT ACCOUNTS

Education IRAs and Section 529 plans may also be offered protection under the new bankruptcy law in certain circumstances. Unfortunately, non-qualified tax-deferred annuities are not a protected asset.

People rarely anticipate financial challenges that may result in bankruptcy. However, you can now rest easier knowing that your retirement accounts are safe from this type of financial misfortune. ■

The Scuttlebutt on Scooters

Fed up with constantly rising gas prices? Consider tooling around on a scooter!

Increasingly popular for running errands, scooters are a snap to park. They're handled similarly to bicycles – park them in a public bike rack or chain them to a sturdy object on the sidewalk.

You can choose between an electric or gas-powered scooter; either way, they definitely help reduce fuel costs. Sales are up in both big cities and the suburbs, where they're sometimes used as a second car.

The first patents for scooters appeared as early as 1921. But it wasn't until 1946, and the



appearance of the Vespa scooters in Italy, that they really took off. Since then, more than 15 million Vespas have been sold around the world. Its major competitor, Innocenti, created a model with more style and better performance the following year, and named it

the Lambretta. The fierce rivalry between the two companies over the years helped to create increasingly innovative models.

Scooters are easy to ride. There's no clutch, and their hand brakes are like those on a bicycle. They have a design that keeps the rider sitting straight up with feet on the floor, and they can even carry a passenger.

Expect to plop down a few thousand dollars for a worthy model. Engines can be more or less powerful, and models range from 60 to 120 miles per gallon.

Not only will scooters help you with gas prices, you'll definitely feel like a kid again. ■

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