



Your Family Matters™

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

May 2006
Volume 2, Issue 2

Courtesy of:

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The Only Certainties in Life: Death and Taxes...and Tax Law Changes!

With constant tax law changes, an unpredictable economy, a war on terror, and a climbing deficit, it's hard to focus on doing any type of financial planning. Have you ever felt like doing nothing, because you feel that everything will just change again anyway?

First and foremost, it's important to accept that change is a constant. Change often scares people and makes them uncomfortable. But since we're stuck with change, the best approach is to take advantage of the opportunities that change brings, rather than becoming a victim of it. Change isn't going away; you just need to find a proactive strategy to deal with it.

EDUCATION ROCKS!

Change can also feel overwhelming. It's possible that you don't have the time or desire to keep abreast of changes and the impact they may have on your financial, estate, and tax planning. That's why it's important to work with a financial professional who you trust, and who can help educate you and keep you abreast of changes that will affect you.

A good advisor will assist you in staying abreast of changing laws. He or she can help you with workshops, email alerts, memos, and newsletters. Don't throw in the trash the material that you receive from your advisor ... read it!

FORMAL UPDATING & REVIEW

Ask your advisor to establish a formal check-up system. It can substantially improve the effectiveness of your planning. Your advisor can review your assets, and catch anything that may not be coordinated with your estate plan. He or she can notice an approaching tax liability, and help you plan for it. Together, you can discuss new concerns you may be facing, like college savings or approaching retirement, and make sure that these concerns are planned for, not only financially, but also from an estate and tax planning perspective.

Your financial advisor is here to serve you. He or she is in the unique position to help you take advantage of the opportunities brought by change, rather than fear it. ■



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Avoiding Disaster for Blended Families



You don't need to be Elizabeth Taylor to be on your second, third, or even fourth or fifth marriage. If you've had more than one spouse, you have special financial and estate planning needs. Neglecting these issues is a surefire way to create a less-than-desired result in the event of illness, incapacity, or death. The best way to have a smooth transition upon disability or death is to create a comprehensive strategy before you aren't here to execute the papers.

A SPECIAL STRATEGY

Remarriage may result in cordial, but often not close, "step" relations. Frequently, such people, thrown together by marriage, merely tolerate each other until the biological parent dies or becomes disabled. For example, if the spouse who has the majority of assets dies first, who wins? The surviving spouse? The children? If a parent is not careful, his or her children may be unintentionally disinherited. If the children are protected, the surviving spouse may be disinherited. What's a person to do?

A special plan for a blended family would include a pre-nuptial agreement, along with a fully funded revocable living trust. This can only be accomplished by working with a trusted advisor who has specialized knowledge in extended families.

Another key component in an estate plan for a blended family is the successor trustee. It's essential that the successor is savvy, compassionate and, hopefully, familiar with family issues.

A CHECKLIST TO GUIDE YOU

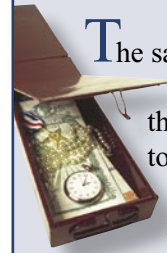
Here are some questions you should address with your advisor:

- How is the successor trustee selected?
- How will the successor trustee feel about paying money to the person who might not select him?
- How can the surviving spouse be prevented from changing the deceased spouse's beneficiaries?
- How will the children feel about the stepparent spending their inheritances?
- How will the spouse feel about the children making cessation of life choices?
- What is the relationship between the successor trustee and the surviving spouse or the children?
- What role are the trusted advisors to play in making the succession plan go how it's planned?
- How will the assets earned during the marriage be distributed?
- How should the required retirement plan distributions be made?
- How long should the children wait to receive "their money," especially if the surviving spouse is only a few years older than the children?

WHO WATCHES THE CHEESE?

By addressing these issues now, you'll have greater peace of mind. You can ensure that your goals, aspirations and desires will be carried out when you're no longer here to oversee them yourself. ■

The Safety Deposit Box Trap



The safety deposit box has always been considered the most secure place to keep your "important stuff." But what happens if you, or your family, are unable to access these critical documents when you need them most? There are three circumstances where this can happen:

A Health Crisis: Suppose you're in the hospital and need access to your living will or health care power of attorney. What if this occurs during a weekend? Is your bank open? Which branch is it in? Where's the key? Do your family members even have the legal authority to open the box?

A Mental Disability Crisis: What if you suffer a stroke, and are unable to speak? How will your family make decisions for you? Hopefully, your power of attorney is not located in your safety deposit box to which your family may not have access.

After Death: In some states, the law freezes the rights to a safety deposit box until the family receives a court order from a probate judge. In other states, the box is effectively frozen, because no one but the deceased has the legal right to open it. Thus, family members are locked out without a court order.

Check with your bank to make sure that a close family member has access to your safety deposit box. Make sure that an attorney, or someone whom you trust, has copies of all the important documents that you keep there. Safety first: When it comes to vital documents, it's important to think outside the box. ■



Did You Know?

It's a pretty logical assumption that the higher your education, the more money you can potentially make. But did you know that students graduating with a bachelor's degree earn more than 62 percent more on average than those with only a high school diploma? This gap translates to more than \$1,000,000 during the course of a lifetime!

The average annual earnings of full-time year-round workers aged 25 to 64 according to educational attainment:

Non-high school graduate:
\$23,400

High school graduate:
\$30,400

Some college:
\$36,800

Associate's degree:
\$38,200

Bachelor's degree:
\$52,200

Master's degree:
\$62,300

Professional degree:
\$109,600

Doctoral degree:
\$89,400

Source: The American Savings Education Council

College may be expensive, but it's worth it. And that's in dollars and sense!

Reduce Tuition Bills Through Shopping

Shopaholics now have a new reason to spend. They can fund their children's or grandchildren's college educations by doing what they love best ... SHOPPING!

During the past decade, average tuition costs have risen 42 percent at private colleges. In order to meet those growing fees, a number of families are saving for college by signing up for new consumer-buying programs that reward shoppers for patronizing certain stores, brands, even financial services companies and real estate brokerage firms.

MOST POPULAR PROGRAMS:

Upromise: Sign up your own credit card, and earn rebates as you shop at certain venues. Or you can apply for a Citi Upromise MasterCard and increase your rebates. The savings can go directly into a Upromise-managed 529 college savings account. If you shop at a grocery store like Publix, for example, you can get 1 to 5 percent back when you purchase certain brands. If you eat at one of 9,000 restaurants, you can receive 10 percent back. You can also create a "network" of family members who contribute to the same child's account.

BabyMint: Sign up your own credit card with this program and get rebates as you shop. If you enroll in the BabyMint College Savings MasterCard, your savings increase. You can get up to 10 percent back on groceries, 2 percent on gas, and 1 percent on everything else.

Fidelity Investments: If you sign up for a Fidelity-managed 529 plan and use Fidelity's 529 College Rewards MasterCard, you can get rebates anywhere.



SAGE Tuition Rewards Program: This offers tuition discounts at any of 170 private colleges. Just sign up for any of about a dozen investment vehicles and agree to receive marketing materials from those colleges. You can potentially save up to a year of a child's tuition.

Membership in these programs has surged. However, there's one catch: You'll be sharing your personal information with yet another creditor. And you may receive unwanted marketing mailings or get pushed into investment options that may not be the best fit for you. They'll also be monitoring your spending patterns.

Still, what can be better than shopping 'til you drop the tuition? ■





In Case of Emergency: I.C.E.



One of the difficulties that has long confronted emergency service workers is how to locate the next of kin of a victim who is unable to respond to questions. Even if the victim is carrying one or more forms of identification, like a driver's license, it doesn't necessarily provide information about how to reach relatives. This often results in delays as officials try to track these people down.

This problem has been addressed through a variety of means over the years. Some people carry lists of emergency contacts and vital medical details. Others wear items such as bracelets or necklaces with engraved contact info. Still,

more than 75 percent of the population carries no details about whom they would like contacted following a serious accident.

Enter Bob Brotchie to the rescue. Brotchie, a paramedic from London, England, has launched a worldwide campaign to encourage people to store emergency information in their cell phones.

By entering the acronym ICE—which stands for “in case of emergency”—into your cell phone address book, you can enter the name and number of the person who should be contacted if an emergency were to occur.

It's simple and easy; so don't forget to do it ... just in case! ■

WILLS, TRUSTS & ESTATE PLANNING

Attorney Prepared Custom Drafted Arizona Estate Plans

For more information about Wills, Trusts and estate planning for Arizona residents, visit the online Arizona estate planning library on the internet at www.keytlaw.com/ep. Some of the articles about Arizona estate planning on Richard Keyt's website are:

ARIZONA ESTATE PLANNING FREQUENTLY ASKED QUESTIONS -- www.keytlaw.com/ep/epfaq.htm

GUIDE TO WILLS & TRUSTS -- www.keytlaw.com/ep

ARIZONA ESTATE PLANNING FORMS -- www.keytlaw.com/ep/azepforms.htm

LEGAL FEES FOR WILLS & TRUSTS -- www.keytlaw.com/ep/epservice.htm

BIOGRAPHICAL INFORMATION

Arizona estate planning attorney Richard Keyt prepares Wills, Trusts and simple and complex estate plans for Arizona residents on a fixed fee basis. Rick, a former partner in one of the largest law firms in Arizona, has practiced law in Arizona since 1980.

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