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YOUR ESTATE MATTERS

Business as Usual at Redmond & Redmond

I am sure that many of you received my letter back in September 2001, announcing my move to the family firm of Redmond & Redmond, but there are few things I want to let you know about the firm.

Currently, Redmond & Redmond is comprised of my father-in-law Robert (Bob) Redmond, my husband Todd Redmond, my mother-in-law Bonnie Redmond and our legal assistants Brigitte Miller and Mary Hendrixon. Brigitte works for Bob and Todd and Bonnie assists with some of the day to day work. Mary works with me and my estate planning clients. I will continue to focus my entire practice on the areas of wills, trusts, powers of attorney, patient advocates and living wills, charitable giving, probate administration, and advanced estate planning.

My father-in-law Bob handles drunk driving related cases and personal injury. My husband Todd focuses his entire practice on personal bankruptcy. Of course, I hope that none of you ever need either of their services, but if you, a family member or friend find yourself in need of one those services, please feel free to contact us for further assistance. If you find that you need legal services that we do not handle, please feel free to use us as a resource to find an attorney who specializes in your area of need.

Finally, in case my letter in September was not clear, all files from my former firm were

automatically released to my new office. For your benefit, I have enclosed new business cards for your file. I am sorry to say that time does not permit me to send each of you new laminated cards.

Tax Law Changes... Where are they going?

Many of you may have read about the new tax laws signed by President Bush on July 7, 2001. What many of you may not know is how temporary these new laws really are and how many tax traps are built into the new tax laws. For example, the temporary nature of the law is reflected in the fact that the law has what we call a sunset date. A date when the law goes away and we revert back to old tax numbers. For example, the new tax law provides for the following death tax credits over the next ten years:

2002-2003	1 Million
2004-2005	1.5 Million
2006-2008	2 Million
2009	3.5 Million
2010	Unlimited
2011	1 Million

The credit each year is per person. As you can see, a larger estate is protected for the next ten years, but it may be unprotected in year 10 (2011), depending on your net worth today and the future growth of your estate.

Despite all the talk about the number of deaths that will likely occur in the year 2010, there is a catch. Although there would be no estate tax in the year 2010, the IRS has graciously decided to implement a capital

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gains tax that same year. Any amount over 1.3 Million that passes to a non-spouse will be hit with capital gains taxes. For money passing to a spouse in the year 2010, 4.3 Million will be protected from estate tax and capital gains tax.

Of course, many of the people that I talk to about the changes in the tax law (including many of my clients) appear unconcerned because the size of their estate is no where near these amounts. What many people fail to consider is the growth of their estate over time, potential inheritance and the possibility that in years to come the tax laws could revert to the old credit amount. My suggestion to all of you is that you keep an eye on your net worth. I do not know a single person that would prefer to give their money to the IRS instead of their family.

Letter of Intent

What is a letter of intent? Well, in my world of estate planning it is confirmation of unusual provisions that may appear in your estate plan. For example, if you are disinheriting a child, leaving a larger percentage to one child over another, or holding money for children until the age of 60, a letter of intent is a handwritten note by you or you and your spouse confirming these provisions within your estate plan. This LETTER OF INTENT is not required, but I think it is a good idea. In fact, if your estate plan was done several years ago, this letter serves as confirmation to your family that your wishes have not changed. It is best if the letter is in your own handwriting, dated and signed by you. This would also be a good time to sit down and complete your tangible personal property list. Remember, verbal discussions with your family about who gets grandma's china or your wedding ring are not binding agreements.

Small Estates Probate

When a family member dies with less than \$15,000, in their individual name (whether they had a trust or this is their only account), the probate court does not have to get

involved. Under the new probate laws, enacted in April 2000, the probate court decided that they did not want to be "bothered" with small estates. So they created a probate form called an "Affidavit of Decedent's Successor for Delivery of Certain Assets Owned by Decedent." This affidavit can be completed by an heir of the estate. The form certifies that the value of assets left in the decedent's individual name does not exceed \$15,000. (This amount will increase each year due to a built in inflationary factor). This form does not let an heir transfer real estate and all individuals entitled to a share of the estate must be named on the form.

If a family member dies and the only asset left in their individual name is an account (several accounts) and the cumulative value is less than \$15,000, call me and I can forward a copy of the form to you.

Presentations

Last year I presented to several senior groups, unions and non-profit organizations. If you are interested in having me present to your group, your church, your employees, etc., please feel free to contact me or please feel free to pass my name on as an available resource on the topic of estate planning. My presentations are free of charge and I love an opportunity to educate a group of people.

Change in Circumstances?

Instead of sending you a review letter every three years, I am taking this opportunity in each of my annual newsletters to remind you to notify me of any changes that have occurred since we last spoke or met. For example, have you moved, bought more property, changed jobs, changed financial advisors, opened new accounts, etc. Keeping me up to date on this information helps me keep your file current. The more current your file is, the more assistance that I can provide you and your successor Trustees and administrators in the future.