



The Wealth Counselor

A monthly newsletter for wealth planning professionals

Motivating Clients to Plan Now: Taking Advantage of Low Interest Rates and More

Volume 5, Issue 3

With lingering uncertainty as to the economy and the federal estate tax, many clients - and their advisors - are wondering what planning they should do now, if any. No one can predict how quickly we will experience an economic turnaround or whether Congress will act on the estate tax. However, there are many non-tax reasons why clients should plan today, irrespective of the economy or their estate tax. And for those clients who may be subject to estate tax, we know that it is generally better for clients to act now rather than to wait, particularly given our historically low interest rates and some of the structural estate and gift tax changes proposed by the IRS.

From [Scott Schrader](#)

Miller & Schrader, PLLC

10809 Executive Center
Drive, Suite 205
Little Rock, AR 72211
501-221-7776



Mr. Schrader's practice is concentrated in the areas of estate planning and post-death administration, as well as estate litigation and disputes.

This issue of *The Wealth Counselor* explores some reasons why it is in clients' best interest to act now and discusses strategies that may create the biggest opportunities for clients - and you - today.

Planning Needs Unrelated to the Economy or Estate Tax

Many planning needs are unrelated to the economy or the estate tax. They include:

- Disability and retirement planning;
- Special needs planning;
- Divorce protection;
- Spendthrift protection;
- Creditor protection; and
- Second marriage protection.

These planning needs may be even more significant for clients with fewer assets than for wealthier clients.

Disability Planning

As America's population ages, disability planning takes on ever-increasing importance. Here are some sobering statistics about Americans age 65 and older:

- 43% will need nursing home care;
- 25% will spend more than a year in a nursing home;
- 9% will spend more than 5 years in a nursing home; and
- The average stay in a nursing home is more than 2.5 years.

Plus, the rate of nursing home cost increases greatly exceeds the inflation rate. Clients with estates that would not have been taxable in 2009 are, or should be, very worried about how they will pay for that kind of care if they need it.

Planning Tip: Careful consideration of long-term care insurance is critical for most clients.

Special Needs Planning

This is another area unrelated to the economy or the estate tax. According to the U.S. Census Bureau, in 2000:

- 51.2 million Americans reported having a disability;
- 13-16% of U.S. families had a child with special needs;
- 15 out of every 1,000 children born in the U.S. had an Autism spectrum disorder; and
- Between 1 and 1.5 million Americans had an Autism spectrum disorder.

Because of medical care advances many special needs that used to mean shortened life expectancy no longer do, so many more special needs children are outliving their parents. Planning that fails to properly plan for a special needs person can have disastrous consequences, including loss of means-tested government benefits. A Special Needs Trust that incorporates specific care provisions is a critical component of the planning for a special needs person who requires ongoing support.

Insurance on the life of a special needs person's parents or grandparents can provide the trust funds necessary to pay for the care of a special needs beneficiary that is not provided by means-tested and other government benefits.

...

Conclusion

Despite lingering economic difficulty and estate tax uncertainty, there are numerous reasons why clients should plan *now* rather than wait until we have more economic and estate tax certainty - and many of these reasons exist regardless of clients' net worth. Furthermore, for clients who may be subject to federal or state estate tax, the benefits of planning sooner rather than later, combined with today's historically low interest rates, creates a great opportunity for the planning team to help them meet their wealth transfer and other planning goals and objectives.

To comply with the U.S. Treasury regulations, we must inform you that (i) any U.S. federal tax advice contained in this newsletter was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding U.S. federal tax penalties that may be imposed on such person and (ii) each taxpayer should seek advice from their tax advisor based on the taxpayer's particular circumstances.