

THE ESTATE PLANNER

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Estate and Elder Care Planning

When Social Security was proposed in 1935, the average age of mortality was 68 for women and 60 for men. So using these numbers, Social Security would never run out of money. However, as we know today, Social Security is almost broke partly because people live much longer. In the United States the age of mortality is 83 years old.



to the estate or to your beneficiaries upon your death. Will and Trust planning requires the experience of many professionals.

Estate Planning and Elder Care Planning is an ongoing process and should be started as soon as one has any measurable asset base. Lack of adequate estate planning can cause undue financial burden to loved ones. An entire Estate Planning team of professionals should be assembled to

properly execute the estate plan.

When it comes to estate planning, many people believe that it is only for old people and only after they die. This cannot be further from the truth. Many people, while having good intentions, make terrible mistakes when proper planning is not done. Some of these mistakes include:

- Leaving everything to their husband or wife.
- Improperly titling real estate.
- Not taking advantage of the gifting rules.
- Not naming the correct beneficiaries on their retirement plans and life insurance policies.

As our population grows older, the nursing home industry and health care industry have exploded over the past few years and it is expected that these industries will continue to increase at a very fast pace. This is another reason that proper planning is more important than ever.

Will Planning

Planning your Will and setting up a trust may be the key components in successful planning of your estate. Prior to preparing a Will or a Trust, much planning should be considered as to the tax consequences

The Estate Planning Process

- Define your objectives and goals.
- Take an inventory of your assets and liabilities to determine how much your estate is worth.
- Choose your heirs and decide on the assets they will receive.
- Make sure that the professionals are part of a team that will assist you and work with you through your situation every step of the way.
- The professionals should assist you to determine the immediate cash needs of the estate upon your death.
- Implement estate techniques to maximize your goals.
- Calculate and minimize your Federal and State Estate taxes.



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What Happens When a Person Dies

When a person dies, three things happen with regard to taxes:

- A final personal tax return must be filed for the decedent.
- A value of the decedent's assets must be taken for estate tax purposes.
- A fiduciary estate is created to report any income until the estate is settled.



Settling an Estate

Dealing with the death of a loved one is stressful enough. But not knowing what to do with someone's finances after the person has passed away poses an additional burden on a grieving family. While most people feel honored being named the executor of one's estate, it also could be a burden. Going through all the personal items and economic affairs of someone who has died could be stressful, so an executor should seek professional and emotional support if they feel overwhelmed.

You are the executor of the estate because the deceased left a Will and named you the executor. If you are named, it does not mean you have to accept, but know that you were named because the decedent believed you were the right person for the job.

A personal representative of an estate is an executor, administrator, or anyone who is in charge of the decedent's property. Generally, an executor is named in a decedent's Will to administer the estate and distribute properties as the decedent has directed. An administrator is usually appointed by the Court if no Will exists, if no executor was named in the Will, or if the named executor cannot or will not serve.



In general, an executor and an administrator perform the same duties and has the same responsibilities, so the term executor will be used in this publication.

The executor is entrusted with the responsibility for winding up the decedent's affairs. Essentially, an executor is charged with protecting a deceased person's property until all debts and taxes have been paid, and seeing that what is left is transferred to the people who are entitled to it.

Gathering Estate Information

One of the most time-consuming aspects of handling the financial affairs of someone who has passed away is gathering the financial information and other documents that need to be assembled. For many families, this is an almost impossible task due to poor record-keeping, poor planning and a lack of knowledge about where critical documents are located. The following documents need to be located upon a loved one's death:

- The Will or Trust
- Insurance policies (life, homeowners, health, disability, auto, etc.)
- Last credit card statements.
- Investment accounts (IRAs, 401(k) plans, mutual funds, pensions, etc.)
- Last checking and savings account statements (including CDs and money market accounts)
- Last mortgage statement.
- Last two years' tax returns.
- Marriage and birth certificates (of the deceased's spouse and children)
- An up-to-date credit report of the deceased.

All of these documents will help you find accounts and assets, and assess outstanding debts, as well as submit claims for benefits and cash payments that may be due the deceased person's beneficiaries and heirs.

Death Notification Checklist

To expedite notification, you should initially make the contact by telephone followed by written verification to each of the following:

- The deceased person's employer
- Insurance companies
- Credit bureaus
- Credit card companies
- Post office
- Utility companies
- Creditors
- Social Security Administration
- Veteran's Administration
- Defense Finance and Accounting Service
- Office of Personnel Management
- Department of Motor Vehicles
- Banks and credit unions
- Mortgage companies and lenders
- Pension providers
- Credit reporting agencies

New Jersey Death Taxes

There are only two states in the US that impose both estate taxes and inheritance taxes. One is Maryland and the other is New Jersey. New Jersey is an expensive state to live in even after a person dies. While there are no estate taxes due for assets left between spouses, the exemption is only \$675,000 and this exemption is not portable to the other spouse.

Real case scenario:

John and Jane had 1.3 million dollars of assets between them. \$400,000 was in Jane's name and \$900,000 was in John's name. They named each other the beneficiaries on their Wills. Upon both of their deaths, the Wills provided that their 3 children would evenly receive their assets. Jane died on June 18, 2011 with total assets still valued at \$400,000. The entire amount was exempted from New Jersey Estate Taxes. However, when John died on May 13, 2012 only \$675,000 was exempted from estate taxes. The children (the estate) were subject to estate taxes on \$625,000. The New Jersey Estate tax liability paid was over \$55,000.

Planning tip: *If John and Jane had planned properly, by not naming each other as beneficiaries and properly retitling their assets, they could have avoided the estate taxes in their entirety.*



New Jersey Estate Taxes

A New Jersey Estate tax return must be filed if the decedent's Gross Estate (plus adjusted taxable gifts using the Federal Estate Tax law as it existed on December 31, 2001) exceeds \$675,000.

New Jersey has two kinds of estate tax returns:

- The simplified method is usually used for smaller estates. The simpler form is due nine months after death.
- The Form 706 method ("the regular method") is usually used for larger estates and must be used if the taxpayer files or is required to file a Federal Form 706. The regular form is due nine months and 30 days after the death.

“People often say death and taxes are the same, but this is wrong. Death is a taxable event, but taxes never die.”

Have you recently lost a loved one?

We can assist and guide you with:

- Filing of the original Will
- Obtaining Estate ID Number
- Contacting Next of Kin
- Collecting Assets
- Filing Notice of Fiduciary Relationship
- Filing Termination of Fiduciary Relationship
- Estate Accounting
- Obtaining Tax Waivers

We can also assist you with the preparation and filing of the tax returns such as:

- Personal Income Taxes
- Federal Estate Taxes
- New Jersey State Estate Taxes
- New Jersey State Inheritance Taxes
- Fiduciary Taxes
- Prior Year Gift Taxes

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The CSI Group Estate Planning Team



Peter J. Greco, PhD^(ABD), MST, CPA*

Peter J. Greco began his career in 1968 working for a New York City Law Firm specializing in criminal tax cases. He is now a consultant to the CSI Group's tax litigation and estate/wealth management department.

Peter holds a Masters of Science in Taxation. He also holds licenses as an (IRS) Enrolled Agent, Certified Estate Planner, Certified Fraud Examiner, Certified Public Accountant, Real Estate Broker, Life Insurance Producer, Stock Broker, Registered Financial Planner, and Real Estate Instructor. He is the director of the CSI School of Business where he instructs real estate classes and provides continuing education to Certified Public Accountants in New York and New Jersey and IRS-Enrolled Agents nationwide. He has written extensively on estate matters and has authored and co-authored many books that deal with taxes, estate planning, financial planning and real estate matters.



Joseph A. Greco, CPA*, CFP®, CFE

Joseph A. Greco received commendable achievements at a very early age. He is a second generation CPA and was one of the youngest CPAs in the nation while also holding many other professional licenses.

He is a graduate of the Lubin School of Business at Pace University in New York City where he obtained a B.B.A. in accounting. He holds licenses as a Certified Public Accountant, Certified Financial Planner, Certified Fraud Examiner, Real Estate Agent and Life/Health Insurance Producer.



James P. Greco Registered Investment Advisor

James is licensed as an Insurance Producer and Real Estate Agent. He also holds Series 65 license (Registered Investment Advisor). James is a CPA candidate and he is completing his studies at Monmouth University.



Irwin Behren, MBA, CFP®

Irwin M Behren has been serving individuals and businesses with their financial concerns for more than 40 years. He is a registered representative with series 7 and series 63 designations, a licensed insurance producer in NJ, PA and FL, and is a Certified Financial Planner.



Robert M. Greco, Esq., CPA*

Robert is a graduate of Monmouth University where he obtained a Bachelors of Science in Accounting. He received his law degree from Touro Law and is admitted to practice in New Jersey, New York and before the U.S.

Tax Court. He expects to be receiving his Masters of Law in Taxation in the spring of 2014. Robert also holds licenses as a Certified Public Accountant and Certified Fraud Examiner. Robert is an independent consultant to the CSI Group.



Jack A. Tinari, CPA, CFE**

Jack Tinari began his career as a teenager working for his father in their Red Bank location. Jack brings more than 25 years of experience to the firm. Prior to joining CSI Group, Jack was a managing partner of The

Tinari Group, a tax and financial firm based in Red Bank, New Jersey. He holds licenses as a Certified Public Accountant, Certified Fraud Examiner, Real Estate Agent, Life Insurance Producer, Property and Casualty Insurance Agent and Title Insurance. Jack attended Montclair State University where he received a degree in Political Science/Pre-Law.



Alessandro F. Marra, Esq.

Alex Marra attended St. John's University where he received a B.A. degree in Public Administration and graduated Summa Cum Laude. He received his law degree from St.

John's University School of Law. Alex joined a Wall Street law firm until 1986 when he established his general law practice. He is licensed to practice law in New York, New Jersey and Florida. Alex is an independent consultant to the CSI Group.



Michael J. Scotto, Esq.

Michael Scotto attended St. John's University where he received a Bachelor of Science in Finance (Cum Laude). He received his law degree from Hofstra University School of Law. While

in law school, Michael served as law clerk for the Honorable Roy S. Mahon in Nassau County Supreme Court. Prior to becoming an independent consultant to CSI Group, Michael worked as a senior analyst at Merrill Lynch and in the asset management group at Goldman Sachs.



John Ciccarello, Jr.

John began at the CSI Group since a very young age. He is now the tax Tax Manager for individuals and businesses. John has a Bachelor of Science in Accounting from Brooklyn College.

New Jersey Inheritance Taxes

In addition to the Estate Tax, New Jersey also has an Inheritance Tax. New Jersey applies the inheritance tax based on the relationship that the decedent had with his/her beneficiaries. The inheritance tax recognizes five beneficiary classes as follows:

Class "A" - Father, mother, grandparents, wife, husband, civil union partner (after 2/19/07), child or children of a decedent, adopted child or children of a decedent, issue of a child or legally adopted child of a decedent, mutually acknowledged child, stepchild (includes a grandchild and great-grandchild but not a step grandchild or a great-step grandchild), and domestic partner (after 7/10/04). Class A beneficiaries are exempt from the inheritance tax.

Class "B" - Deleted when New Jersey law changed.

Class "C" - Brother or sister of a decedent, wife or civil union partner after 2/19/07 or widow or surviving civil union partner after 2/19/07 of a son of a decedent, or husband or civil union partner after 2/19/07 or widower or surviving civil union partner after 2/19/07 of a daughter of a decedent.

Class "D" - Includes everyone else.

Class "E" - Transfers to the State of New Jersey or any of its political subdivisions for public or charitable purposes, an educational institution, church, hospital, orphan asylum, public library, and certain other nonprofit agencies, etc. Rate: Totally exempt.

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What sets us apart from the rest?

The CSI Group is comprised of a team of professionals with decades of experience such as:

- Tax Attorneys
- Certified Public Accountants
- (IRS) Enrolled Agents
- Certified Estate Planners
- Certified Financial Planners
- Certified Fraud Examiners

To be better prepared in assisting our clients with their financial matters, we also hold licenses as:

- Registered Investment Advisors
- Real Estate Brokers
- Insurance Agents and Brokers
- Title Insurance Agents
- Stock Brokers
- Real Estate Instructors

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**The more you know about us,
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Not all members have all licenses or certifications.

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