



# WINTER 2024 SmartPlanner NEWSLETTER

## Do You Have To Go Through Probate?



### DID YOU KNOW?

If your ex-spouse is still named a beneficiary they could reap the benefits of your insurance policy, annuity contract, pension, and profit-sharing plan - just to name a few.

So, if you're divorced, double check your estate planning documents now and make necessary changes.

Probate is the process for settling an estate under court supervision. And, not all estates need to go through full probate.

For instance, in Connecticut, if the decedent's solely-owned assets include no real property and are valued at less than \$40,000 – which is the state's "small estates limit" – then the estate can be settled without full probate and under a much shorter and more simplified process.

In addition to the small estates exclusion, there are certain types of assets that pass to heirs without probate. These include:

- **Joint tenancy:** When one of two joint tenants dies, the property passes automatically to the surviving tenant under "right of survivorship."
- **Assets with designated beneficiaries:** Some personal property items or accounts pass directly to named beneficiaries without probate. This category of assets includes life insurance policies, annuities, retirement accounts (IRAs, 401(k) plans, etc.), and certain bank or brokerage accounts that are either payable or transferable upon death.
- **Assets held in a living trust:** Placing assets in a living trust ensures that they are not counted as part of the probate estate and therefore do not have to go through probate but can be distributed upon the grantor's death as directed by the trust. This does NOT mean that they are not part of the gross taxable estate, subject to state or federal estate tax.

Although many people would prefer to avoid probate – especially if there is family strife and the desire for privacy – the probate process itself is not necessarily a negative experience. In fact, it can be quite helpful in ensuring the decedent's wishes are met.

Nonetheless, probate and handling inherited property can be confusing if you are not familiar with the relevant laws and legal procedures, even though there are some basic guidelines that are universally applicable.

To help ensure the peace amongst your heirs and ease the estate administration process, it's prudent to explore all estate planning options well in advance of needing them. Similarly, if you've recently lost a loved one and would like guidance navigating through probate, give us a call so we can help you with the process.



# 5 Key Planning Tips For New Parents



It may seem odd to ask young parents to think about estate planning, but starting a family is actually a perfect reason to plan. Being proactive is one of the best things new parents can do to ensure their children are cared for in the future.

Here are 5 critical planning items that should be on every young parents' to-do list.

## 1. Choosing a Guardian for Minor Children

One of the most important decisions young parents need to make is who will care for their children in the event that they die while the children are minors. While choosing one guardian may seem difficult enough, it is actually preferable to choose two so that there is a backup option in case the first choice is either unable or unwilling to step in at the time of need.

## 2. Preparing Estate Planning Documents

There are estate planning documents that new parents should have in place including a Last Will and Testament, health care directives, a living will, and a power of attorney.

## 3. Designating/Updating Beneficiaries

For any beneficiary-designated assets, such as IRAs, 401(k) plans, or life insurance policies, new parents should make sure that they have designated beneficiaries appropriately and/or have updated them if necessary.

## 4. Consider Establishing a Trust

A trust will ensure that a child's inheritance is handled according to the parent's wishes, not according to the state court. There are a multitude of ways trusts can be written to allow for all kinds of circumstances and preferences, so it is wise to discuss options with an estate planning attorney.

## 5. Retirement Planning

Though it may seem counter-intuitive, retirement planning is also a critical task for new parents. While there are many ways to finance a college education, there isn't a bank anywhere that will lend you money for retirement. By planning for their own future financial stability, new parents are taking important steps now to lessen the potential of financially burdening their child in the future.

WHAT'S NEW WITH US

## South Windsor Celebrates!

On November 13th, the South Windsor Chamber of Commerce helped us celebrate the opening of our new South Windsor office with a ribbon-cutting ceremony.



## Welcoming Terry Lomme

We are pleased to welcome to the firm Attorney Terrance Lomme of Essex as Of Counsel. Terry brings more than 40 years of experience in helping clients on Connecticut's shoreline with probate, zoning, and real estate matters.



# Connecticut Super Lawyers Recognizes Attorneys

Attorneys Brendan Daly and Carmine Perri, both previous recipients of the Super Lawyer recognition, were selected again in 2023 for their work in the Elder Law practice area, while Attorney Paul Knierim was also selected for his work in the Estate Planning and Probate practice areas.

Attorneys Andrew Veale and Nicole O'Connor were both named a 2023 "Rising Star" – a designation recognizing the top up-and-coming attorneys in New England who are 40 years old or younger. Attorney Veale, who has been named a "Rising Star" every year since 2018, was recognized for his work in the Estate and Trust Litigation practice area, while Attorney O'Connor was selected for her work in the Elder Law practice area.



Brendan Daly



Carmine Perri



Paul Knierim



Andrew Veale



Nicole O'Connor

## Keep It or Toss It?

There are specific documents that you should have available and accessible if one of those unexpected life moments (major or minor) pops up. But which records should you keep and for how long?

According to *Consumer Reports*, you should organize all records into four categories:

### 1. Papers you need to keep for a calendar year or less

- **Bank records** – reconcile receipts monthly; keep statements needed to prove tax deductions with tax records; shred the rest (If you're planning to apply for Medicaid, you'll need five years of statements, which your financial institutions will ordinarily provide at no charge)
- **Credit-card bills** – reconcile receipts monthly; keep statements needed to prove tax deductions with tax records-shred the rest
- **Current-year tax records** – start the year with a file for tax-related documents and save yourself the headache of tracking them down at tax time
- **Insurance policies** – when you get your new policies each year, shred the old ones.
- **Investment statements** – keep the latest ones and shred the rest; save the annual statements until you sell the investments
- **Pay stubs** – keep a year's worth and reconcile them with your W-2
- **Receipts** – shred once you've reconciled them to statements; keep if they apply

### 2. Papers that can be destroyed when you no longer own the items they cover

- Household furnishings paperwork
- Investment purchase confirmations
- Loan documents
- Savings bonds
- Vehicle records

### 3. Tax Records

Per the IRS, save tax records as follows:

- Keep records for 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later, if you file a claim for credit or refund after you file your return.
- Keep records for 7 years if you file a claim for a loss from worthless securities or bad debt deduction.

### 4. Papers to keep indefinitely

- Defined benefit plan documents – keep these for both current and former employers
- Estate planning documents – Wills, trusts, power of attorney, advance directives
- Life insurance policies – except term, which you should keep until the term is over, then shred
- Safe deposit box inventory – location, keys, a list of what's in it

