New FDIC Rules for Estate Planning
The Law Offices of Michael K. Elson

New FDIC Rules for Living Trust Accounts
Living or family trust bank accounts are now insured up to $250,000 per owner for each named beneficiary. For example, if a mother has a bank account owned by her living trust, and her three children are equally beneficiaries, then the deposit account held by the trust at an insured bank could be insured up to $750,000. As always, there are exceptions to the general rule. Additional information can be obtained at fdic.gov.

Estate Tax Update
Current Exemption Amounts Created By Tax Relief Act Of 2001
The federal estate tax rate and applicable exclusion amounts will be as follows until repeal for the year 2010:

Calendar Year	Estate Applicable Exclusion Amount	Highest Estate and Gift Tax
2005	$1.5 million	47%
2006	$2 million	46%
2007	$2 million	45%
2008	$2 million	45%
2009	$3.5 million	45%
2010	Unlimited (no tax this year!!)	Top Individual rate (gift tax only)
2011	$1 million	45%

In light of the unknown estate tax exemption after 2011, the Disclaimer A-B Trust (IRC Sec. 2046 & 2518) can be a particularly useful estate planning tool for families with intermediate sized estates. The Disclaimer A-B allows a delay in the decision of whether to split the estate into separate A and B trusts, while preserving the ability to obtain a double estate tax exemption, which may or may not be required depending on applicable tax laws and asset values at a future time. Since the surviving spouse can decide whether to disclaim within nine months after the death of the first spouse, there is less chance that an inconvenient estate split and unnecessary loss of control would be experienced. Because laws affecting your estate are constantly changing, it is important to have a flexible estate plan and periodic review particularly if there have been any changes in your family or financial situation.

The Special Needs Trust: Planning for a Disabled Dependent

- If you have a child, sibling, parent, spouse, or other loved one who is physically, mentally or developmentally disabled -- whether from birth, illness, injury or drug abuse -- he or she may be entitled to valuable government benefits (SSI and/or Medicaid) now or in the future. Unfortunately, most of these benefits are available only to those with very limited means. As a result, you may find yourself faced with a difficult choice. If you leave a substantial inheritance to this person, he will be disqualified from receiving government benefits which may be crucial for his care. On the other hand, you may not want to have to disinherit him in order to preserve these benefits. Fortunately, a special needs trust will keep you from having to make this wrenching decision. A special needs trust must be very specific in stating that its purpose is to supplement government benefits, to provide only benefits or luxuries above and beyond the benefits the beneficiary (disabled person) receives from any local, state, federal or private agencies.

- It is critical that the trust not duplicate any government-provided services and that the beneficiary not have any resemblance of ownership of the trust assets. Otherwise, the government could attempt to seize the trust assets for repayment of services already provided or determine that the beneficiary does not qualify for future benefits. To accomplish this, you will need to give the trustee complete control over the distribution of the assets and any income they generate; the beneficiary cannot be able to demand any principal or interest from the trust. Give careful consideration to your choice for trustee. Of course, you (and your spouse) will continue to provide for this person while you are alive and able. But someone will need to assume this responsibility after your death or incapacity. The most obvious choice is another family member who also cares deeply about this person. But be aware of a possible conflict of interest, especially if she will inherit the trust assets after your disabled dependent has died; she may care more about preserving trust assets than providing for your beneficiary. Consider using (or adding) a corporate trustee; that's a bank or trust company that specializes in managing trusts. They can be impartial, and they will be around for as long as your beneficiary lives. Finally, be sure to work closely with an attorney who has considerable experience with these trusts.

Important Notice for LLCs and Corporations
Warning! Watch for mailed solicitations from the following companies: *Corporate Compliance Center, Annual Minutes Compliance Board, Board of Business Compliance, Annual Minutes Division, Corporate Headquarters.*

Owners are increasingly receiving by mail **official-looking** documents regarding their corporations or LLCs, from the private companies listed above, or similar ones. These notices *appear* to require the filing of annual minutes or a shareholders and directors report with a government agency, *along with an annual filing fee of anywhere from $95 to $150*; a filing deadline is usually also listed. **These official-looking letters are fraudulent and are designed to mislead corporation and LLC owners into sending money.** Do not do it! You do not have to comply. If you look closely at the fine print, most of the solicitations indicate that it is not an official document and that there is no affiliation with the State, but you will need to look closely! Should you receive one of these suspicious solicitations, consult with your attorney prior to sending any money answering the request.

For those who have already mistakenly paid money due to a fraudulent solicitation, complaints may be filed with the California Attorney General's office by mail, telephone, fax, Internet, or email, as follows: Attorney General's Office, California Department of

Justice, Attn: Public Inquiry Unit, P.O. Box 944255, Sacramento, CA 94244-2550, TELEPHONE: 1-800-952-5225 (Toll-free in CA) or (916) 322-3360, WEBSITE: http://ag.ca.gov/consumers, EMAIL: piu@doj.ca.gov

Disability Insurance Can Provide Peace of Mind
by Barry Rosenfeld

If you're like most people, your lifestyle depends on your income. Your most valuable asset (other than your family!) is your ability to earn an income. But most people say, "It will never happen to me, it always happens to someone else" Oh, really!

In reality, disability can and does happen to anyone at any time. You're three and half times more likely to become disabled, than to die prior to age 65.

The financial implications of a disability can be disastrous. If you are unable to work, how will you make your house and car payments? Who will clothe and feed your children?

Because the risk and financial impact of a disability can be devastating, disability insurance can provide peace of mind. And, it's surprisingly affordable.

The most logical solution for this potential problem is applying for an individual disability income insurance policy through a qualified representative. Individual disability income insurance prepares you for the unexpected and protects your income if you can no longer work. A qualified representative, like a Chartered Life Underwriter, Chartered Financial Consultant or Certified Financial Planner can help you ascertain your needs and design a plan tailor-made for you situation.

Remember, a long term disability could disrupt your retirement dreams. If you, however, become one of millions of Americans suffering an illness or injury, would you be able to continue saving and investing for your retirement?

Please call me at (800) 781-7038 so that we may discuss your individual situation. There is no cost or obligation. And you'll be glad you did!

Barry Rosenfeld is both a Chartered Life Underwriter and a Chartered Financial Consultant. He entered the financial services industry in 1976, with John Hancock Mutual Life Insurance Company in their Whittier office. Today, he is an independent representative and represents many fine insurance companies.

Michael K. Elson is the principal of The Law Offices of Michael K. Elson and specializes in business formation, asset protection and estate planning, including the formation of corporations, LLCs, and living trusts. Both Barry and Michael may be reached at (818) 763-8831 or (800) 781-7038 or by visiting www.LimitLiability.com