

HAPPY HOLIDAYS 2023

Greetings! Can you believe another year has almost gone by? Do please grab a cup (or glass) of your favorite beverage and settle in for our annual holiday story.

A few things to remember before our story:

THE RI & MA ESTATE TAX: This tax is payable when you die, depending upon your State of residency and where you own assets. It consists of ALL of your assets, as of your passing, including (but not limited to) real estate, land, bank accounts, retirement savings and death benefits payable to your loved ones on your life insurance! The RI Estate Tax exemption is currently a little over \$1.7M. The new amount for 2024 is not out as of this writing. MA is holding out at an even \$2M. Only surviving spouses who inherit, escape this tax, but if your estate exceeds these thresholds, *with proper estate planning*, there are ways to minimize the tax pain which may be passed onto your loved ones, regardless of your marital status.

CHANGE OF BENEFICIARY (COB) FORMS: Make sure they are coordinated with your estate plan, as your loved ones do not need any surprises, after you are gone. Most COB forms are written in a lazy fashion, even more lazy than the Grinch before he had a change of heart, after meeting CindyLou Who. *Here's an example:* Let's say you named three persons as beneficiaries on your life insurance policy or retirement account, (maybe children, cousins, nieces and nephews or just good friends) and one of them passes away with you, or before you, then their share will pass in accordance with the COB form's rules, which may not be your desired result. The default rule for *most* COB forms passes those life insurance proceeds directly to the two surviving beneficiaries, cutting out the deceased beneficiary's bloodline- your grandchildren, perhaps. Please check your COB forms so your estate is distributed *your way* and not according to some company's forms!

Now that I've *almost* put you to sleep, let's finish up with a little holiday bedtime story:

WHERE THERE'S A WILL, SANTA HAS A WAY, BUT DO YOU?

We all know that Santa and his team work hard all year long, in preparation of the one big night! However, the demand for toys is at its highest in the history of the world and children are asking for more complex and intricate ones! Coupled with the fact there simply are not enough elves of legal working age, which is 57, to make the toys and maintain the outposts around world. You see, last summer, Rudolph completely revamped Santa's engineering program at ELF, which as you may remember, is Santa's private college, also known as *Engineers Live Forever*. He also convinced Santa to establish a satellite campus in Santa Fe, New Mexico, for the alternate elf college, *Svalbard Norwegian University* or "Santa Needs U", as the local reindeer fondly call it. Elves need to be up to speed to meet the growing technology. So, this year, more elves are in college than making toys and those that chose not to attend college are below the age of 57 and cannot work for Santa without a lot of red-nosed tape!

Let's face it folks, Santa is only one man, with eight tiny reindeer, (who really are not that tiny, that's fodder for storybooks!) delivering toys all over the world, within a twenty-four-hour window, without the assistance of AMAZON. It's a logistical feat beyond comprehension, when you really think about it! But

Santa always has the will and the way to persevere. With Rudolph's sage command of operations, Dasher's logistics background from his long tenure at the Bureau of Reindeer Affairs, Hermey's financial wizardry skills, NORAD's assistance and Mrs. Claus' gentle encouragement- always telling Santa that he will, once again, never disappoint children (young and old), all over the world. And you know what - Santa *will* do it- he *will* find a way- you *will* see soon enough!

But will you? Do you and your loved ones have a Will? What's your plan of action? Do you have a way? Here's a common misconception: "I have a Will, so I have a way. My estate will be distributed according to my Will. It's my way." Well, let's examine the lives of a few elves with one of Hermey's own inventions- a cordless, laser beam toy.

The Case of Elves Dobby & Ginger Egnog: The Egnogs are married, without children and without Wills. Dobby has a brother Snowball, (whom he cannot stand) and is fond of her sister, Pepper Minstix. Dobby died suddenly in a sleigh transport accident. Santa pushed Ginger to sue his subsidiary which, in a pinch, bought some faulty brake parts from China. Who gets Dobby's wrongful death settlement proceeds? Well, without a Will, it depends upon the laws of Dobby's jurisdiction. If Dobby resided in RI, Ginger would have to share the settlement proceeds with Dobby's siblings, even Snowball, whom Dobby could not stand! If Dobby wrote a Will, Ginger would have received the entire settlement.

The Case of Elf Noelle Fruitcake: Elf Fruitcake is single, without children or a Will. She has a longtime companion, Jolly and her mother, Cocoa, but is estranged from her father, Gimbel. Noelle is a tenured professor at Santa Needs U (SNU). Cocoa is a co-owner on Noelle's bank accounts, "for convenience" and the beneficiary of her generous life insurance and retirement package, from SNU. Noelle wants Cocoa to share her estate with Jolly, which Cocoa has agreed to do. However, Noelle and Cocoa were involved in a freak accident, while touring one of Santa's manufacturing plants. Cocoa accidentally slipped on a real fruitcake, and Noelle rushed after her, also slipping. Sadly, they both perished. In most jurisdictions, without a Will, Noelle's estate passes to her "heirs at law", which is a moving target in most jurisdictions, depending upon who is alive when you pass. And in this case, it's Cocoa's estranged father, Gimbel. Jolly, receiving nothing, is now not so Jolly.

The Case of Elf Tinsel Evergreen: Elf Evergreen is divorced, with two minor children, Holly and Harry and no Will. Unfortunately, Tinsel underwent elective surgery, in an attempt to electrify her nose to decrease her electric bill. She should have consulted Rudolph! In any event, the surgery did not go as expected and she died. Her parents were awarded guardianship of her children, even though she wanted her best friend, Mistletoe, to raise them. Her estate received a sizable medical malpractice settlement, which roughly converts to \$2.8M. So, without a Will, Holly and Harry will receive the entire settlement, outright, in full, *with interest*, when they each reach the age of majority, which in RI and Mass is 18. Conversely, a Trustee holding these proceeds, under a Will or a Trust, would have been able to distribute the settlement, in accordance with Tinsel's wishes- a much better option!

GOOD NIGHT TO ALL AND TO ALL A GOOD NIGHT!

We wish you and your loved ones a very happy, healthy and safe holiday season!

Sincerely, Kim, Kelly, Amy, Diana, Pauline, Ron, Robin, Barbara (semi-retired) & Susan

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