

Estate Planning

Practical Solutions

Course Description

This course covers many different aspects of estate planning, including wills, living trusts, gifts, marital property, and probate avoidance. Will and trust forms are explored along with living wills, durable powers of attorney, and nominations of conservator. Designed to eliminate estate problems and death taxes, the emphasis is on practical solutions that are cost-effective.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 21 (CPA, EA)

Field of Study: Taxes

Prerequisite: None.

Advanced Preparation: None

Course Learning Objectives

Chapter 1: Estate Planning

1. Identify basic estate planning elements recognizing the importance of well-drafted legal documents and specify the key team participants including their roles in estate planning process.
2. Determine the major steps in the probate process, identify ways to make transfers outside the probate system including the use of a trust, specify estate tax techniques that save death taxes while retaining maximum control, and identify estate-planning facts.

Chapter 2: Estate & Gift Taxes

1. Identify potential death taxes including federal estate tax as it applies to various size estates, specify the principal taxes that impact death taxation, and determine the expiration of the death tax credit.

2. Determine what constitutes a taxable estate under §2501 specifying what assets are included in a gross estate using basic categories of property and transfers.
3. Specify estate deductions allowed under federal estate tax law stating their tax advantages and disadvantages.
4. Determine the value of a decedent's assets using permitted elections, recognize the use of Form 706 to pay any estate tax due, select the tax basis of estate assets stating how common transactions affect property basis under §1014.
5. Recall the advantages of gift planning including estate reduction recognizing the impact of the GST, specify the steps to compute gift tax identifying the gift tax exclusion amount, and determine the value of gifts including those that are split.
6. Identify the various gift tax exclusions, specify the tax treatment of below-market loans, recall the gift tax marital deduction requirements, determine the tax consequences of giving various assets specifying factors to consider when gifting, and recognize the use of Form 709 to compute and pay federal gift tax.

Chapter 3: Wills & Probate

1. Specify types of wills citing functions a will can perform, identify types of bequests, determine the duties of executors and guardians, and recall ways to hold title and their tax ramifications.
2. Identify advantages of a properly drafted will, determine the distribution flow of simple wills, and specify the pros and cons of probate proceedings.

Chapter 4: Trusts

1. Identify the relationship of parties in a trust, reasons to establish a trust, and types of trusts and their estate planning function.
2. Specify recommended living trust provisions, identify the application of gift and income tax including the use of a grantor trust and an unlimited marital deduction, and determine what constitutes an "A-B" and "A-B-C" trust format.

Chapter 5: Entities & Title

1. Identify tax and legal title formats and the differences among these entity formats by:
 - a. Specifying the advantages and disadvantages of holding property individually and through a sole proprietorship or a corporation and how to avoid associated title pitfalls;
 - b. Selecting primary groups of C corporations specifying the estate-planning problems associated with each; and
 - c. Recalling advantages that partnerships can have over corporations.
2. Determine S corporation rules stating tax advantages and disadvantages and also specify disadvantages and advantages of incorporating a firm.

3. Identify title holding benefits of trusts, co-tenancy, partnerships, and limited liability companies and the tax characteristics of each.
4. Specify types of retirement plans used to provide lifetime benefits to a business owner and to employees, identify how title can be held on behalf of minors and the tax treatment of custodianships, and recall the tax treatment of a probate estate.

Chapter 6: Life Insurance, Annuities & Buy-sell Agreements

1. Specify persons in which rights are placed by life insurance and reasons to purchase life insurance.
2. Identify the tax treatment of life insurance proceeds by:
 - a. Determining the treatment of premiums for personally owned life insurance and related benefits and specifying exceptions to this treatment including the transfer for value rule;
 - b. Select variables that influence whether life insurance is taxable for federal estate tax purposes; and
 - c. Recalling the gift tax associated with the transfer of life insurance policies.
3. Specify the pros and cons of various types of life insurance policies to guide clients in choosing a suitable policy.
4. Identify reasons for establishing an irrevocable life insurance trust to achieve estate tax planning advantage, specify considerations in establishing life insurance trusts, and determine the differences between deferred and private annuities.
5. Determine what constitutes an entity purchase agreement and a cross-purchase agreement and tax and legal advantages.

Chapter 7: Special Business Issues

1. Identify reasons why a business interest must be valued in an estate that is subject to federal estate tax, specify factors used to determine the net value of a business under the regulations, and recall the valuation factors in R.R. 59-60 and their impact.
2. Determine how tangible assets are normally valued identifying those assets whose valuation is based on values other than book value, and specify the steps in R.R. 68-609's valuation formula for intangible assets specifying the effect such amount can have on the total value of a business.
3. Identify special business valuation issues including redemptions under §303 by:
 - a. Determining what constituted the now repealed qualified family-owned business estate tax deduction;
 - b. Recalling the terms of the election that allows clients to exclude from their taxable estate 40% of the value of land subject to a qualified conservation easement;
 - c. Determining the value of a minority stock interest and fractional interests in order to obtain applicable valuation discounts, and

- d. Citing the §303 exception to the dividend treatment of redemptions stating qualifications.
4. Determine the tax consequences in leaving an estate to a surviving spouse, specify the elements of buy-sell agreements, stock redemptions, and stock recapitalizations in order to dispose of business interests before death, and identify deferred compensation agreements and their estate planning impact.

Chapter 8: Estate Tax Freeze Rules

1. Determine the benefits of an estate freeze and its ability to reduce the value of a business interest, identify transactions to which Chapter 14 rules apply and terminology used in the Chapter 14 valuation rule that applies to corporations and partnerships, and specify exceptions to §2701.
2. Identify the “zero value” rule under §2701 by:
 - a. Recalling the qualified payment exception and the consequence of being excepted;
 - b. Specifying variables that impact the application of §2701 stating how to avoid taxable events when valuing a distribution right;
 - c. Determining the transfer tax when a taxpayer fails to make a qualified payment on time specifying the appropriate election into or out of qualified payment treatment; and
 - d. Specifying a junior equity interest according to §2701 rules and determining the value of other rights held together with an extraordinary payment right.
3. Determine the application of §2701 provisions by:
 - a. Recalling the treatment of a capital contribution, a redemption, or a recapitalization under §2701;
 - b. Identifying when an individual is deemed the owner of an interest that is held indirectly through a corporation, partnership, trust or other entity based on the §2701 attribution rules;
 - c. Specifying when transfer tax adjustments will be made to transfers or inclusions in the gross estate;
 - d. Identifying the split of an applicable retained interest allowing value to be given to a participating feature of a participating preferred interest; and
 - e. Specifying the stepped computation under the subtraction method to determine an amount of a gift resulting from a transfer to which §2701 applies.
4. Recall the terms used in §2702 concerning transfers of interests in trust, identify the application of the zero value rule to a transfer of interest in trust, and specify exceptions to §2702, determine the transfer of an interest in property when there are one or more term interests as a transfer of an interest in a trust, and specify the treatment of joint purchases.
5. Recognize the requirements and exceptions of §2703 to ensure property is valued appropriately, identify lapses as a transfer by gift or as includible in the decedent’s gross estate under §2704, recall the key terminology of §2704 under the evaluation rules, specify the amount of the transfer stating which lapses or restrictions qualify as an applicable restriction.

Chapter 9: Elderly & Disabled Planning

1. Recall estate management techniques for the elderly and disabled by:
 - a. Identifying joint tenancy and the benefits and drawbacks of using such a method for asset management;
 - b. Specifying levels of conservatorship that can influence management and protection of an estate and/or personal care and disadvantages of this tool; and
 - c. Determining what constitutes a durable power recognizing advantages of establishing a revocable living trust as a way to manage assets in an estate.
2. Cite the eldercare benefits of Medicare, Medicaid, and Supplemental Security Income, identify disadvantages of the Medicaid program stating how to divide income into asset groups, specify the dangers and benefits of gifting to family members, including how individuals might use private insurance for catastrophic illness.
3. Identify tools that can allow patients to refuse treatment even when incompetent, determine Supplemental Security Income specifying how it relates to elderly and disability planning, and specify the requirements that must be met in order to receive disability benefits.

Chapter 10: Post-mortem Planning & Tax Return Requirements

1. Determine post-mortem estate planning action in the face of funeral and administrative expenses using elections and disclaimers.
2. Cite the due dates of post-mortem federal forms, specify the filing requirements of a decedent's estate tax return, and identify exceptions to the general rule of estate tax payment.
3. Determine the processes and procedures necessary in preparation and filing of Form 706.
4. Identify the filing requirements for estate income tax and decedent's final income tax returns by:
 - a. Determining the estate income tax under available tax accounting methods and tax years; and
 - b. Specify the use of Form 1310 for a decedent or a joint return for a decedent and his or her surviving spouse.
5. Determine total income to be included on the decedent's final income tax return using available exemptions or deductions.
6. Identify how to avoid penalties when filing a gift tax return, recognize gift splitting to reduce gift taxes, and recall special gift applications and traps stating ways to avoid their tax consequences.