

## The Importance of Advanced Estate Planning for High Net Worth Families

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For many people, a will is the beginning and the end of their estate plan. For individuals with modest estates, a will alone may be sufficient. However, for people with substantial assets, advanced estate planning is a must. Advanced estate planning is the only way to preserve wealth, maximize asset protection, and minimize tax liability.

So, what does advanced estate planning entail? An essential element of advanced estate planning is tax planning. The purpose of tax planning is to reduce estate taxes, gift taxes, and generation skipping transfer taxes. A well-formulated estate plan utilizes various trusts and other estate planning vehicles to reduce tax liability.

The next important element of advanced estate planning is asset protection. Use of creative asset protection strategies provides a shield against various threats which could potentially deplete an estate. These threats include

- Creditors;
- Con artists who prey on the wealthy and their heirs and beneficiaries; and
- Lawsuits arising from acts of negligence.

The best way to achieve asset protection is through the use of trusts. Depending on your short and long-term financial goals, the types of assets you have, and your individual and familial circumstances, the following trusts might be appropriate asset protection mechanisms:

- Lifetime trusts;
- Continuing trusts;
- Spendthrift trusts;
- Beneficiary protection trusts;
- Foreign asset protection trusts; and
- Discretionary trusts.

Utilizing these asset protection strategies is also appropriate if you have a child or other beneficiary with special circumstances. If a beneficiary may be facing divorce or bankruptcy, establishing a trust for his or her benefit is advisable. It's also a good idea to establish a trust for a beneficiary with a substance abuse problem.

If you have a disabled or mentally ill child or beneficiary, your estate plan should include a special needs trust. A special needs trust allows you to provide for a disabled or mentally ill child or beneficiary without interfering with his or her government benefits. A special needs trust often includes clauses relating to the provision of housing, medical care, legal assistance, and other essential needs as well as for supplemental needs such as vacations, hobbies, and social activities.

Business succession planning is also an essential element of advanced estate planning. Business succession planning allows you to formulate a plan for the transfer of ownership and control of a closely held business in the event of your disability or death.

If you have questions about advanced estate planning or any other estate planning or probate issues, contact the Law Offices of Janet Brewer. I specialize in advanced estate planning for high-net worth clients in Santa Clara County, Palo Alto, the San Francisco Bay area, and surrounding counties.