



## ESTATE PLANNING QUESTIONS

### **Do your clients have an estate plan (i.e., Will/Living Trust, Powers of Attorney, Health Care Directives)? If yes, have they been updated recently?**

Many people are not aware of the burden they are placing on their loved ones by not having an estate plan. They may also not be aware that they are no longer able to make medical decisions for their adult children (over age 18) unless they have a power of attorney designating them as their agent. For clients who do have an estate plan, but have not updated it in a while, there have been changes in the law that will affect their estate plan. (New HIPAA regulations in 2002 and New Washington State Estate Tax in 2005.)

### **Do your clients own real property outside the state of Washington?**

Without the correct ownership structure, their estate will be required to open an additional probate in the state in which the property is located (California/Oregon have very expensive probate processes!!). If any of these properties are owned in companies (i.e., LLCs/Corporations/Partnerships), and your client is a Washington resident, Washington state will impose estate tax on the value of the real property (at a rate of 10%-19% depending on the size of their estate); this tax could be avoided if the property has the proper ownership structure.

### **Do your clients own rental property?**

By operating rental property through a single-member LLC, they can insulate their assets from liability arising from renters' or others' actions on the property at virtually no cost/hassle to them!

### **Do your clients own a family vacation home that they hope to keep in the family?**

Planning should be done to ensure the family vacation property stays in the family, that there is a mechanism to decide who is allowed to use the property on certain dates (think – 4th of July; Christmas etc.), who determines and pays for needed repairs, and what to do about the family members who do not want to ever use the property.

### **Do your clients have Asset Protection and/or Confidentiality Concerns?**

A variety of simple techniques can be used to insulate your client and his/her assets from liability.

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## ESTATE PLANNING QUESTIONS *(continued)*

### **Do your clients own a family business?**

Is there a business succession plan in place? Many businesses end up being sold at a significant discount when there is not a succession plan in place; it can also cause great family conflict and discontent. If the company has various owners, is there a buy-sell agreement for the company?

### **Are your clients anticipating selling a business or a major asset?**

This is a great time to begin transferring assets to the next generation to alleviate the estate and transfer tax burdens.

### **Do your clients wish to assist their children in purchasing a home or starting a business?**

There are many techniques that can be used to assist your clients in helping their children without incurring gift tax.

### **Is your client or his/her child expecting to get married or living with a significant other?**

If so, a prenuptial or cohabitation agreement may be in order.

### **Are your clients anticipating an inheritance from anyone?**

If so, we may be able to work with the testator to structure the inheritance in a manner that will be tax advantageous to your client.

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