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To our Clients and Friends:

Public service announcements remind us to change the batteries in our smoke detectors periodically. Reminding people to review their estate planning documents does not have the same life-saving impact, but it is a useful exercise to undertake, and is likely to give you peace-of-mind that your financial house is in order.

So, as we begin the new year, I suggest you review the following items:

- Confirm that your health care directives authorize the correct person to make medical decisions on your behalf. Addresses and telephone numbers should be up-to-date.
- Confirm that your power of attorney authorizes the correct person to make financial decisions on your behalf. There are times a bank or broker may hesitate to accept the statutory form of power of attorney which attorneys prepare for their clients. You should request your financial institution's form of power of attorney and, if they have one, it should be completed so it is consistent with your existing form.
- If you are married (including a same-sex marriage), make certain your Will or Living Trust agreement provides for estate tax planning, usually through the formation of a trust for the benefit of the surviving spouse, especially if you live in a State that imposes an estate tax, such as New York, New Jersey or Connecticut. The overwhelming majority of Wills I have prepared for my clients include either a mandatory trust for the benefit of the survivor or a discretionary trust, referred to as a "disclaimer trust." Confirm that the right Trustee is named for these trusts.
- Double check the beneficiary designations of your retirement plans and insurance policies to be certain they are consistent with your wishes.
- Re-examine whether your beneficiaries should receive their inheritances outright, or if they are better served if some or all of the inheritance is held in trust. Should a trust last until the beneficiary turns a certain age or should the trust last for the lifetime of the beneficiary? Should an independent person or trust company serve as Trustee, or is the beneficiary capable of serving as his or her own Trustee? Benefits of creating a trust include minimizing estate taxes by utilizing "generation-skipping estate tax planning," and

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protecting the beneficiary from poor investment decisions, the claims of creditors or in the event of a divorce.

Is your choice of a Guardian for your child who is under age 18 still appropriate?

Review your insurance needs, including long-term care and life insurance. With respect to life insurance policies, consider the benefits of having your life insurance owned by an irrevocable "life insurance trust." This tax-planning vehicle is especially useful if your surviving spouse is not a citizen of the United States.

Place loose stock certificates of publicly-traded companies into brokerage accounts. Holding stocks in a brokerage account, rather than in a safe deposit box or desk drawer, simplifies the process of administering your estate following your death.

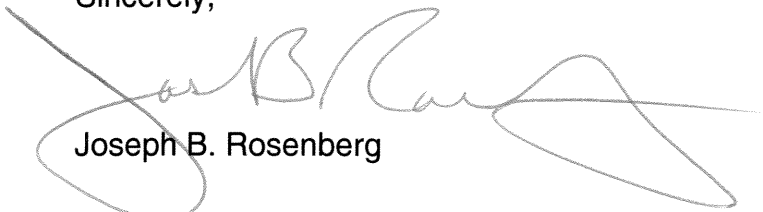
Consider gifting to your heirs during your lifetime by utilizing your annual exclusion from gift tax, which allows you to gift up to **\$14,000** to as many individuals as you wish without any gift tax consequence and without having to file a gift tax return. Although the Federal estate tax law allows you to pass **\$5,340,000** to your heirs without any Federal estate or gift tax liability (an increase from \$5,250,000 in 2013), annual gifting may reduce the applicable State estate tax liability following your death. We had several situations this year in which "death bed gifts" resulted in significant State estate tax savings.

The New York (\$1,000,000), New Jersey (\$675,000) and Connecticut (\$2,000,000) exemptions from estate tax remain unchanged in 2014, although Governor Cuomo recently endorsed a proposal to increase the New York exemption to an amount equal to the Federal exemption (\$5,340,000). If such a change were to become law, it would eliminate the estate tax liability for most New Yorkers and may stem the tide of New York residents who relocate to Florida solely because Florida does not impose an estate tax. Of course, I will notify you if there are any changes in the law.

I hope you find this letter informative, and do not hesitate to contact me if you have any questions. And remember to change the battery in your smoke detector.

Please accept my best wishes for a healthy and happy new year.

Sincerely,


Joseph B. Rosenberg