S. Miller  Thank you, Suzanne. Now, Cornelia Moore, the Women’s Bureau Regional Administrator for our offices in New York and Philadelphia will introduce our third speaker.

Cornelia --

J. Walstedt  Sounds like Cornelia is not with us. Larry, do you - because I don’t have your bio in front of me - think you could tell the listeners a bit about yourself since Cornelia seems to be missing?

L. McKoy  I’d be happy to. First of all, let me just congratulate each one of you for stepping up to the plate to learn more about your financial situation. I think you’ve probably got a pretty good idea that most of the advisors out there can really help you with working [things] through.

My background is [as] a CPA, a certified public accountant [and senior tax partner with Goodman & Company in Richmond, Virginia]. I have specialization in financial planning, and I do a tremendous amount of estate planning for several generations in my client base. I live in
Richmond, Virginia and work in a public accounting firm here.

Let me start out by profiling what I want to talk about.

We’ve talked about family, and you may be thinking you, husband, children. Your parents are probably the first part of the estate planning process you’ll see. And one of the things I want to do is set a bit of groundwork.

Don’t assume that your parents--even though when you perhaps turn 30 or 35 you realize they’re maybe not as illiterate as they seemed when you were teenagers--there is a presumption that parents have already taken care of this. That’s just not the case. I deal with parents; I deal with Generation Xers; I deal with, actually, infants, if you will, all of which have been impacted by financial planning at some stage. Don’t make an assumption they have all their ducks in a row. Almost everything we’ve talked about today is going to be things you’re going to find in your parents as well.

What I wanted to touch base on today is – out of our listeners, probably one out of five in the next five years will
have an issue somewhere with their parents. I want to expand the definition of estate planning to cover not only death planning, which is always sort of a morbid thought but a necessary evil, to perhaps other issues your parents may be facing. Let me start out with some questions. As you’ve probably figured out, answers are specific to you and your situation, but questions and situations are easy enough for us to illustrate what might be going on in your own life.

Let me start with a possibility. Just imagine for a moment your parents were on a cruise, and during that cruise, they were dancing the night away, both had a heart attack and they’re not here anymore. Tomorrow morning, you’re the child, the person they’ve put in place to say, “I want you to take care of things.” It starts with things like what do I do about the funeral. You heard discussions about not knowing the answer, and that may face some of you in the near future. Where are my parents’ documents? Who are their advisors? Do they even have a will and do they have financial advisors that have counseled them in the past? What type of financial condition are my parents in?
It’s not unusual for you to not have a clue on any of these questions. Part of the process is going to be for you to try to figure that out. I’m going to discuss that again in just a minute.

A second possibility. Death is only one thing you’ll have to deal with with your parents. It’s very possible your parents could go through dementia, Alzheimer’s, have physical impairments. They could have all types of issues that are challenging for them in their lifetime. What are you going to do to care for them if they have no one else to care for them? Is it one or both parents you may be in charge of? If one dies and leaves the other one, are you going to be asked to step up to help the other one?

Since we’re really talking financial matters, it’s possible that some of you have parents that are financially literate and have taken care of all these things. I’d suggest that most of your parents are not as financially strong as perhaps you will be after you go through some of these. They rely on their advisors, if they’re doing anything at all. How are you going to deal with those things and the stress?
I’d suggest these are things you want to think about in advance.

Another issue--financial issues in your parents’ life. We kind of take for granted that parents are okay. That’s not always the case. It’s not unusual for them to spend a lot of their money taking care of college education, issues with their children and their situation, and have a late life event -- either they get laid off, they don’t make as much money as they had anticipated, their retirement plan is not as strong as they expected. All of a sudden they’re facing some type of financial issue. You had no clue that was coming, and it is not unusual for you to find out that perhaps their house is heavily mortgaged and they’re not in a very good position going into what I’d call their retirement years. Of course, that affects their estate planning, as well.

Not all of these things that happen with your parents are going to be bad things, but some may still impact you. Let me give you an example. Your parents are financially well off, and they may be doing estate planning with their professionals and being asked to make gifts to you as
children, to be putting money into the financial kitty for the education of your children, their grandchildren. One thing I’d caution you with is thinking through what impact that has on your financial decisions. Be careful that if they make a gift to you in a couple years and let’s say they make it each Christmas for two or three years, be careful you don’t assume that will last a lifetime. It’s okay to have a discussion with your parents about what they’re doing and how it might happen and what impact it might have on your life.

Another example is they may do things for your children. Your parents may not have the same values with regard to how to educate your kids, what to give them, as you might have. An example most of you haven’t faced yet, but I can’t tell you how many grandparents buy kids hot rods, and at an early age that’s not an appropriate asset unless you, the parent, approves of it.

So looking at some of these events is not always a negative from your perspective. Remember, families that have wealth are dealing with just as many problems as families that are financially challenged.
I’m just going to briefly discuss taxes. There’s not enough
time on today’s program to talk about the estate tax in any
kind of depth. But I will say this -- if your parents have
more than a million and a half dollars of total assets for
both of them, including everything – houses, life insurance,
the whole nine yards--then they [their estates] may be
exposed to an estate tax. If not, they [their estates] may not
be. It has nothing to do with the fact that you still need to
do a lot of planning, even though there may not be an estate
tax actually due.

One of the frustrating experiences would be for you to find
out Uncle Sam is the largest beneficiary of your parents’
estate, perhaps even more than what you’ve inherited as a
beneficiary, and an advisor says, “I’m really sorry, but if
your parents had just done some planning we could have
saved a lot of taxes.” I’ll leave you with that thought when
it comes to taxes, without going into any detail.

Why do you care? Because it’s not unusual if you are the
lead person within your brothers and sisters to be chored
with the task of taking care of some of these things in your lifetime and while your parents are alive.

Secondly, you don’t want to get that phone call from the brother or sister that is handling this, saying can you chip in more money or come down and take care of the parents or do things you’re not prepared for. If your parents are out of state, it makes it even more of a challenge to try to take care of them if they need help.

So what do you do? How do you deal with this? The suggestion I’d have is have a frank discussion with your parents. I know parents are still parents and you’re going to have to deal with questions like, “It’s none of your business,” “I’m too young for this discussion; we’ll have it later, if we have it at all,” “Why do you care?” Those are questions you should be prepared to answer.

Some things you might point out to them are, “I’m doing my own estate planning. It would really help me to hear what you’re doing about these issues and how you’re planning for them so I can plan for those things in my life.” Second, you can point out recent deaths in your family,
perhaps parents, uncles, aunts, someone who passed away.

Invariably, there are almost always problems that arise
from that that parents say “I hope you don’t have to go
through that.” Lastly, you can always say, “I love you and
I care about you and that’s why I’m asking these
questions.”

With that, I hope to get us back on track. I think it’s time
for questions.

J. Walstedt Thank you very much, Larry. I think our speakers have
provided some thought provoking and helpful comments.

As you’ve heard, if we had a lot more time on this we could
certainly fill it. Now I want to turn it over to our operator
to instruct people on how to ask questions.