

Estate Strategies



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Property tax relief is now available for disabled veterans in Michigan. Find out if you qualify and how to apply.

Gun Trusts: Do you need one?



State and Federal laws and regulations can complicate the transfer of firearms. See when to consider a gun trust.

Lansing's Walk to End Alzheimer's



Fraser Trebilcock is proud to sponsor a team for this year's Walk to End Alzheimer's in Lansing. Learn how to join us!

Who Will Get Your Digital Fortune? Estate Planning for Digital Assets

By: Mark E. Kellogg



Do you use email? Facebook? Have an online-only bank account? What about an iTunes library? Or e-books stored on a Kindle?

In 2011, Americans valued their digital assets at nearly \$55,000 dollars, according to a survey conducted for McAfee, a major security technology company. This can only mean one thing: the arrival of the digital age has spawned the necessity for additional estate planning.

Digital assets may represent a sizeable portion of your estate, so it's important to understand what they are and how to incorporate them into your plans.

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Snow Birds Protection in Case of Crisis

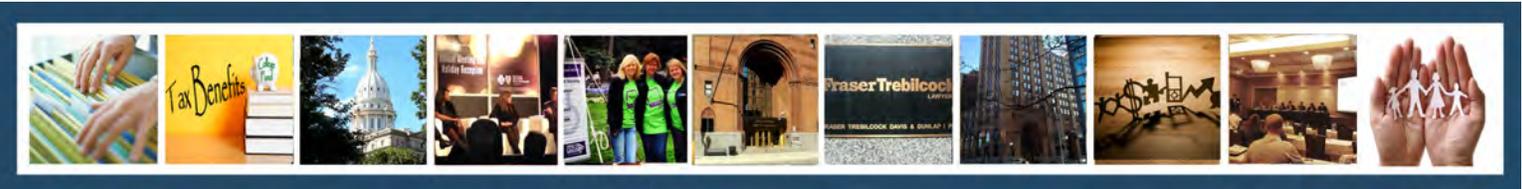
By: Michael P. James



As warm weather returns to Michigan, so too do our snow birds. Spring is the perfect time to evaluate your life at the other end of the I-75 corridor, to ensure that your estate plan protects your interests in the Sunshine State.

One important issue to consider is whether you have the appropriate Power of Attorney (POA) documents in place. Most likely, you have a Michigan Durable Power of Attorney and/or a Patient Advocate Designation. However, do you also have the Florida equivalents of these important documents?

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Meet our Attorneys



Marlane C. Teahan is one of only 54 attorneys in Michigan elected as a Fellow of the American College of Trust and Estate Counsel (ACTEC). She handles a wide variety of matters including: drafting wills, trusts and durable powers of attorney; trust and estate administration; guardianship and conservatorship matters; and probate litigation. Her outstanding legal work continues to be recognized among leading legal publications, including Best Lawyers, Super Lawyers, and Leading Lawyers.

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Mark E. Kellogg, an attorney and CPA, has devoted his 27 years of practice to the needs of family and closely-held businesses and enterprises, and estate and succession planning. He was selected by his peers in 2014 as a “Best Lawyer” in this area. Additionally, he is a member of the Board of Directors for the International Association of Attorneys for Family-Held Enterprises (AFHE), and serves as the President of the Michigan Chapter of the American Association of Attorney-Certified Public Accountants.

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Melisa M. W. Mysliwicz was named a “Rising Star” in Michigan by Super Lawyers in 2013, and is an Accredited Attorney by the Department of Veterans Affairs. She works out of the firm’s Grand Rapids and Lansing offices, focusing her work in the areas of Elder Law and Medicaid planning, estate planning, and trust and estate administration.

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Property Tax Relief for Disabled Veterans

By: Marlaine C. Teahan

On November 12th, 2013, Governor Snyder told Michigan residents that “Michigan’s military veterans, particularly those who are disabled, have sacrificed more for us than we can ever repay. They have served to protect our way of life and our freedom.” As an acknowledgement of that sacrifice, the Governor signed the Dannie Lee Barnes Disabled Veteran Property Tax Relief Act, also known as Public Law 16, into law. Added Governor Snyder on the day of the signing, “This property tax break will be available to their families will help them afford homes and stay right here in Michigan.”

Thanks to this Act, property tax relief is now available for Michigan’s disabled Veterans and their un-remarried spouses. If you are a Michigan disabled veteran who has been honorably discharged from the U.S. armed forces, your real property used and owned as a homestead, or principal domicile, is exempt from the collection of Michigan property taxes under the General Property Tax Act. MCL 211.7b. Additionally, not only are disabled veterans able to receive the exemption, but if a qualified veteran dies before or after the property tax exemption is granted, the veteran’s un-remarried spouse may also qualify under the Act.

To qualify, you do not need to meet an income or asset test. This is not a tax break for low-income disabled veterans; rather, this is a tax exemption that applies to all qualified Michigan disabled veterans in response to their service.

How is a Disabled Veteran Defined?

The Act defines a disabled veteran as a resident of the State of Michigan who meets one of the following criteria:

1. Has been determined by the United States Department of Veterans Affairs (“USDVA”) to be permanently and totally disabled as a result of military service and entitled to veterans’ benefits at the 100% rate;
2. Has a certificate from the USDVA, or its successors, certifying that he or she is receiving or has received pecuniary assistance due to disability for specially adapted housing; or
3. Has been rated by the USDVA as individually unemployable.

How Can I Apply for the Disabled Veterans Exemption?

To claim the exemption, an affidavit must be filed annually by you, the property owner, or your legal designee, with the supervisor or other assessing officer. The affidavit must supply the facts required in the Act along with a description of the real property. There is no specific format required by the Act for the exemption affidavit. However, for uniformity and simplicity, Form 5107, the Affidavit for Disabled Veterans Exemption, was created and can be found online at the Michigan Department of Treasury website.

When Should I Apply?

For exemption of 2013 property taxes, the Affidavit for Disabled Veterans Exemption must be filed at the July 2014 Board of Review, as stated by the Michigan State Tax Commission. For other years, the affidavits may be filed at either the March, July or December Boards of Review as each will have the authority to review and grant the disabled veterans exemption.

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The Michigan National Guard Family Fund is a nonprofit fund that helps families of deployed Michigan National Guard members who are struggling financially. Larry Bass and Randy Rifkin, of Friedland Industries, along with attorney Jonathan Raven of Fraser Trebilcock, presented checks to Major General Greg Vadnais. Learn more about how you can help at www.michigan.gov/dmva/.



Property Tax Relief for Disabled Veterans, continued

If you are denied the exemption, any appeal you would like to make must be made to the Michigan Tax Tribunal by the filing of a petition.

Should All Disabled Veterans Apply?

As a qualifying veteran, before applying for the property tax exemption, you should weigh the net benefit of not paying real property taxes against the net income tax benefits of having the Michigan Homestead Property Tax Credit and, if you itemize deductions on your IRS Form 1040, the reduced federal taxes because of the deduction for real estate taxes paid. It is likely that most veterans will benefit more by having the disabled veterans property tax exemption rather than the tax credit and itemized deductions; however, it is a good idea to look at the bottom line for each option before applying for the exemption.

You can find additional information on the disabled veteran property tax exemption online in Bulletin 22 of 2013 issued by the Michigan State Tax Commission (12-16-13). We have posted a link for you on our website: fraserlawfirm.com/

Marlaine C. Teahan chairs Fraser Trebilcock's Trusts and Estates practice. She handles a wide variety of matters including: drafting wills, trusts and durable powers of attorney; trust and estate administration; guardianship and conservatorship matters; and probate litigation. She can be reached at mteahan@fraserlawfirm.com or 517.377.0869.

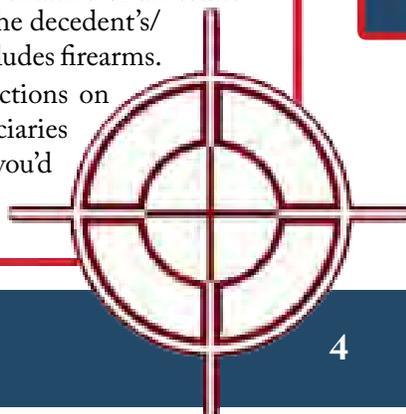
What You Need to Know About Gun Trusts

In the estate planning world, Gun Trusts are all the rage! Do you have one? Do you need one? While the State and Federal Constitution both provide that every person has a right to keep and bear arms, that individual right is subject to various State and Federal laws and regulations.

Estate planning and trust & estate administration are both impacted by these laws and regulations. For some clients, a Gun Trust is a very important part of an estate plan; this is especially true for those who own Title II firearms. For fiduciaries administering trusts and estates, it is important to know how the state and federal laws and regulations impact your duties including knowing how to transfer firearms, what firearms can be transferred, and what restrictions are placed on certain firearms going to certain intended beneficiaries.

If you are serving as a personal representative of an estate or trustee of a trust, please alert us if the decedent's/ settlor's tangible personal property includes firearms.

We will give you very specific instructions on how to transfer the firearms to beneficiaries so that you do not violate the law. If you'd be interested in a free seminar on Gun Trusts, let us know!



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Estate Planning for Digital Assets, continued

Access to most digital assets requires usernames, passwords, email addresses, responses to security questions, or other access codes. Without a proper plan in place, you could leave your family tied up in a web of red tape while trying to access your accounts. Or, perhaps you have an email account you'd rather they not be able to access. In either case, it's essential to incorporate these digital assets into your estate plan.

Planning for digital assets is made difficult due to a number of issues, as technology and laws continue to evolve.

Some of these issues include:

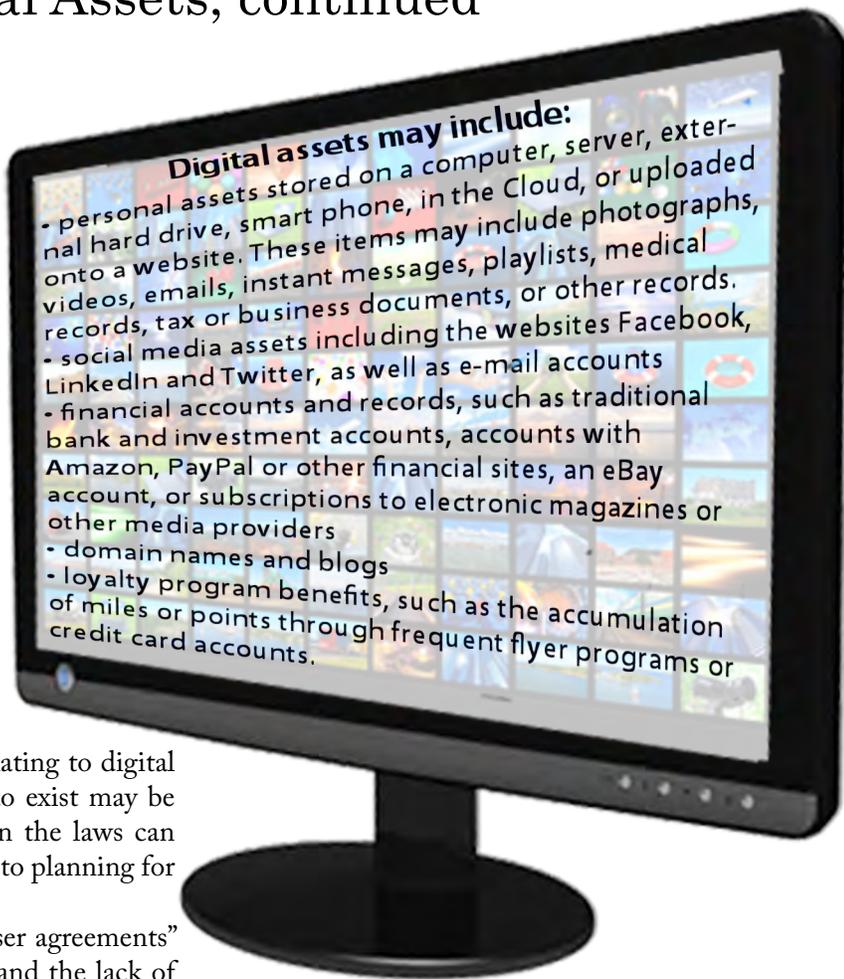
- the potential application of federal laws and regulations relating to unauthorized access to various digital assets and the “vehicles” used to store such digital assets, and certain federal privacy laws
- the current dearth of laws of the various states relating to digital assets, and the fact that any such state laws that do exist may be inadequate as the pace of technology is faster than the laws can adapt (Michigan has not yet passed any law relating to planning for digital assets)
- the policies and rules contained in the various “user agreements” that govern online accounts and service providers, and the lack of uniformity with respect to any such “user agreements.”

The legal uncertainties surrounding the handling and disposition of digital assets reinforces the importance of planning to increase the likelihood that your wishes will be carried out.

Some tips to consider when creating your digital estate plan:

- develop an inventory of your digital assets, including usernames, passwords, URLs, answers to account questions, and how and where the digital assets are held or stored (consider whether such information should be listed on one or multiple inventories for safety purposes)
- locate and utilize a safe place to store the inventory documents
- name a digital asset “fiduciary”, including an agent in a durable power of attorney, a personal representative in a will, and, if applicable, a successor trustee in a trust
- provide specific instructions for the handling and disposition of your assets upon disability and death

Mark E. Kellogg is a Shareholder at Fraser Trebilcock Davis & Dunlap, P.C., who has devoted his 27 years of practice to the needs of family and closely-held businesses and enterprises. For more information or to discuss your estate planning needs, email mkellogg@fraserlawfirm.com or call 517.377.0890.



Federal Estate & Gift Tax Update

Estate tax: Individuals dying with a gross estate valued at more than the federal estate tax exemption amount will pay a 40% federal estate tax. The exemption amount is increased each year by a cost of living adjustment factor. Other rules apply to gifts to spouses and qualified charities. A handy reference chart outlines the exemption amounts and rates as follows:

Year of Death	Federal Estate Tax and Lifetime Gift Tax Exemption Amount	Tax Rate
2012	\$5,012,000	40%
2013	\$5,250,000	40%
2014	\$5,340,000	40%

Gift tax: Each calendar year, gifts can be made to any individual in amounts equal to or below the annual gift tax exemption amount. In 2014, the gift tax exemption amount is \$14,000. Gifts that exceed \$14,000 per calendar year must be reported on an informational return (Form 709) to the IRS. Lifetime gifts over the exemption amounts, stated above, will result in a 40% gift tax. Other rules apply to spouses and qualified charities.

Portability: Estates of individuals survived by a spouse may elect to pass any of the unused federal estate tax exemption to the surviving spouse. This election is made on a timely filed estate tax return. The IRS recently extended the due date for certain estates electing portability until 12-31-14. Call for more information on this opportunity to use your deceased spouse's unused federal estate tax exemption.

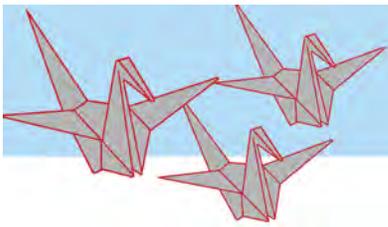
Trust Funding Important Insurance Notification

When you transfer items that carry insurance, like jewelry or real estate, to a Trust, be sure to advise your insurance agent right away. This is an important, but often overlooked part of funding your trust. You need to have the trustees of the Trust shown as an additional insured party on the insurance policies. Otherwise, you run the risk of having an uninsured loss.

Consider this example: During your estate planning, you transferred your home to yourself as trustee of your Trust, but did not notify your insurance agent. Then, suddenly there is a fire in your home that you expect will be covered by your homeowner's insurance. However, your claim is denied. Why? The insurance company may tell you that you are the insured in your individual capacity, but not as trustee of your Trust. Case closed.

Take action now to protect your home and all other insured assets that you have assigned or transferred to you as trustee of your Trust; this should include any liability insurance, such as an umbrella policy, that you may carry.





Legal Documents for Snow Birds, continued

An agent often makes critical decisions affecting urgent medical treatment, assets or an estate. These decisions are often incredibly time-sensitive, so it's important to have your legal documents ready in both states of residence. For example, let's imagine that you have been admitted to a Florida hospital, and your daughter is attempting to make decisions related to your care under a Michigan Power of Attorney.

Under Florida law, your Michigan POA may be used by your daughter as long as the document was properly created under Michigan law. However, this can create a problem; the Florida hospital may not know whether your Michigan POA is valid, and Florida law gives the hospital the right to evaluate the validity of your Michigan POA. The time it takes to verify your POA could delay your daughter's ability to make timely decisions related to your care.

The good news is that you are permitted to have POA documents under both Michigan and Florida law. You can have Michigan POAs to address matters in Michigan, and Florida POAs to protect your interests in Florida. In the example above, if your daughter presented the hospital with a properly executed Florida Health Care Advance Directive, the likelihood for confusion and delay would be significantly diminished. Consider adding Florida POA documents to your estate plan, to provide you with an extra layer of protection while in Florida.

Ultimately, you should consider discussing your activities in Michigan and Florida with an attorney that is licensed in both jurisdictions so that you can develop a comprehensive estate plan to protect your multi-state interests.



Michael P. James is a senior attorney at Fraser Trebilcock, licensed to practice law in both Michigan and Florida. He provides representation and counseling related to all facets of business enterprise and health care matters. You can reach him at mjames@fraserlawfirm.com or 517-377-0823.



Walk to End Alzheimer's September 14, 2014 State Capitol 11 a.m.

The Walk to End Alzheimer's® is the nation's largest event to raise awareness and funding for Alzheimer's Disease.

For many members of our Fraser team, the fight is personal. Some of us have held the hand of a loved one, a close friend, or a grieving client, dealing with the devastating effects of Alzheimer's disease.

So this Fall, we'll come together in support of the Alzheimer's Association and its great work to fight the disease.

We ask for your support, whether it be well wishes or in making a financial contribution to the cause.

We also invite you to join our Fraser Trebilcock team and walk with us in September!

Join Team Fraser Trebilcock by registering online:
<http://act.alz.org/goto/FraserTrebilcock>.

Together, we can make a difference in the fight against Alzheimer's!

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LAWYERS





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Spring Newsletter

Estate Strategies



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