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ATTORNEYS AT LAW

WEALTH PRESERVATION SOLUTIONS
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Financial Woes: The Bright Side

Everyone is impacted by the current financial crisis, whether you were invested in real estate, a closely held business or the equities market, your portfolio has taken a hit. Once we get beyond the shock of what has happened to our net worth, we need to keep one thing in mind: everyone says the market will recover!

What does that mean to you? If one of your estate planning objectives is to preserve the family's wealth for future generations, you have unique planning opportunities that will get you well on the way to achieving that goal.

Now is the time to transfer assets to the next generation at diminished values. There has never been a better opportunity in recent history. Equities are over 40% off their highs and real estate has declined by as much as 50% in some regions. The simplest technique available is to gift assets now at the decreased values. This gift of assets can either be outright or in trust.

Another available solution that takes advantage of the decreased values of residential real estate is a qualified personal residence trust, or QPRT. A QPRT allows you to stay in your home for a period of years and then transfer that home to your children at a fraction of the current, depressed value. With the proper design of the QPRT, your homestead real estate tax protection can be preserved as well as your right to continue to live in the home subject to a fair market value lease.

Particularly attractive solutions in the current environment are those techniques that leverage both the depressed values and the historically low

federal interest rates. Grantor Retained Annuity Trusts, Self Cancellable Installment Notes, Private Annuities and Installment Sales are all techniques that take advantage of both the historically low interest rates and the discounted value of your current portfolio. For those who are charitably inclined, Charitable Lead Annuity Trusts work extremely well under the current circumstances because the annuity that must be paid to the charity is based on the current interest rate and the value of the asset contributed to the trust. The remainder interest will pass to beneficiaries at a significant discount from the gifted value.

Although your portfolio has taken a hit, take advantage of a bad situation. Consider this an opportunity to fulfill your objectives of minimizing your taxes and maximizing the assets passing to the next generation! In the coming months, we will discuss these techniques in more detail.

Click on the link below for more information about our firm

<http://www.estateplanning.com/chapin-law/>

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