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YOUR TRUSTED LEGAL COUNSELOR



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LESSONS LEARNED FROM FORMER PRESIDENTS ABOUT ESTATE PLANNING

Written by Francine D. Ward

Like all humans, presidents of the United States make mistakes. While there are opinions on how they lived, this piece is not about politics. My purpose here is simply to share lessons about estate planning and how they handled theirs. It's instructive in that some got it right and others, not so much. Even the smartest and most humanitarian among them got it wrong. Take from these lessons what you will.

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INSIDE THIS MONTH'S
ISSUE:

*Lessons Learned From Former
Presidents About Estate Planning-1*

George Washington

Washington was arguably the most loved and respected US president. Much has been written about him and his many accomplishments as president. One overlooked yet important achievement is the care he took to ensure his affairs were in order. Washington's last will and testament reveals the care he took in making sure those who depended on him were cared for after he passed. He also left gifts to others who mattered to him. He was thoughtful in how he went about distributing his assets.

George Washington had, what was deemed, a nontraditional family situation and made allowances for his diverse family. At age 26 years old, he married Martha Custis. She was a widow with two children from her previous marriage. They raised the children together. His stepson, John Custis, died during the war. Washington and Martha subsequently raised John's two youngest children as their own. George Washington ensured his will provided for each of his surviving family members. He made sure they were well cared for long after he was gone.

The way this president handled his affairs is instructive. Not only a lesson as to how George Washington protected his family but also what we can learn. Even if we don't have the wealth he possessed, we can still be thoughtful about how much and to whom we leave our assets. Spending sufficient time to think through your options and then reduce them to paper will not only leave a legacy but will pay off in the long run.

Thomas Jefferson

Although equally as famous as George Washington, Jefferson, on the other hand, was not as astute at handling his affairs. He was a brilliant intellectual and the principal architect of the Declaration of Independence but did not manage his finances. As a result, he was encumbered with debt inherited from his family and debt resulting from his poor choices. For example, he cosigned on a loan for a friend who died prematurely. After Thomas Jefferson died, he also left an enormous debt to his family. Although he had a valuable real estate at his passing, he had little cash to pay off the debts. Ultimately, his executor sold the land at a fraction of its value to pay his debts. As a result, his family had lots of debt and very few assets in the end.

Sadly, many families find themselves in the same situation. They have debts to pay, little to no liquid assets, and property that can't be sold for what it's worth. This situation often arises when a business owner has wealth tied up in their business but little cash to pay debts, including taxes, at their death. This also applies to farm owners. Such a situation can create undue stress and hardship for the family left behind. The thought of having to sell the family business for a lot less than it's worth, to raise money to pay debts or taxes, is a painful realization.

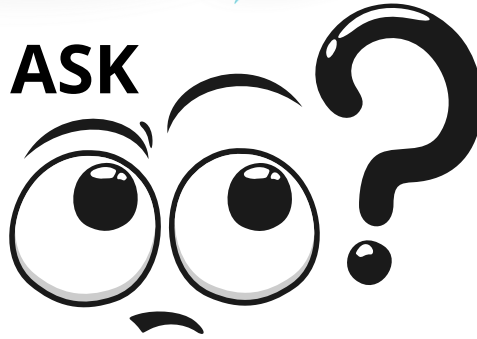
Life insurance can be an important estate planning tool. It can provide needed funds to pay the deceased person's debts and taxes. The proper type and amount of life insurance can alleviate the problem of not having enough money to pay end of life debts and taxes.

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QUESTIONS

SENIOR CITIZENS ASK ABOUT ESTATE PLANNING



Written by Francine D. Ward

Caring.com is a wonderful website with resources for seniors and caregivers. According to a study conducted by Caring.com, the percentage of people over 55 with estate plans dropped from 60% to 44% over the past two years. While investing in a proper plan or updating an existing one may seem overwhelming, the benefits far outweigh the hassle.

Here are a few questions *I've been personally* asked:

Who helps me if I can't manage my affairs?

As we age, it becomes more likely that we need help managing our affairs. That includes our financial and healthcare matters. Two legal documents specifically address the management of your healthcare and financial dealings.

A power of attorney allows you to select who will make financial decisions on your behalf when you can't. That person is called an agent and sometimes called the attorney-in-fact. A power of attorney grants the agent a number of powers, including writing checks, paying bills, filing taxes, and sometimes entering into contracts. There are many others powers you can give to your agent. It just depends on you. You can give your agent as many or as few rights as you choose. If you haven't executed a power of attorney and become incapacitated, the court will appoint someone. The court's challenge is that it might select someone you don't want managing your affairs. That can be avoided if you take control and have a well-drafted power of attorney.

A medical power of attorney allows you to appoint the person who will make healthcare decisions on your behalf when you cannot. But, again, without a legally enforceable document, if the need becomes apparent, a court will step in and make the appointment.

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Abraham Lincoln

Lincoln was another beloved US president. He was also a lawyer, yet that didn't prevent him from dying without a will or any estate plan in place. Like many people, Abraham Lincoln believed he had many more years to live. But his tragic death at the hands of Wilkes-Booth plunged Lincoln's family into an unfortunate and unfamiliar situation. They attempted to manage his affairs without understanding what needed to be done. Lincoln's son, Robert, contacted David Davis, a family friend. Justice Davis also happened to sit on the US Supreme Court. Justice Davis stepped down from his jurist position to help the Lincoln family settle Mr. Lincoln's estate.

Again these are lessons to be learned from three presidents. Don't put off getting your affairs in order; think before taking on debt, make sure there are sufficient funds to cover after death debts and taxes. Perhaps consider a life insurance policy.



What if I am traveling? Who will help me?

Now that a Covid vaccine is available, it appears more seniors are traveling. Whether traveling to see family or crossing venues off their bucket list, seniors are on the go, and this is more reason to have well-drafted documents. A financial power of attorney permits your agent to handle your financial matters if you are traveling and cannot be reached. And rest assured, if your agent makes a decision you don't like, you have the power to remove them as long as you are competent to do so. Unless you are incapacitated, you can replace your agent with someone else.

How do I protect my loved ones after I am gone?

A trust is an excellent tool for ensuring that your loved ones are cared for in the way you desire. You can plan for their future and create whatever terms you choose. If the trust is revocable, you can change it at any time. You can name someone to oversee the money and property and instruct them on how the money and property must be used. You can even get rid of a trustee and replace them with someone else. If you establish a trust, you have options as to how to distribute your assets:

a. **Outright distribution.**

You direct the trustee to distribute all your assets to your loved ones. Or give them the right to withdraw money and property in their share of the trust at any time, without any strings attached.

b. **At certain ages.**

In your trust, you can define terms that state a certain percentage be distributed to your loved one at different ages, such as $\frac{1}{4}$ when the beneficiary turns 40 years old, $\frac{1}{2}$ when they are 45, and the remainder at age 50. As the person creating the trust, the settlor, you can do whatever you want.

c. **After reaching certain milestones.**

There may be things you want your loved ones to do before they can access your money and property. You get to decide what those things are what milestones they must reach. Some examples are attaining a college degree, serving in the military, staying clean and sober for a period of time, holding a job for a certain period of time.

d. **Leave the decision to the discretion of the trustee.**

Everyone has challenges. Sometimes those challenges impact one's ability to make healthy choices. For example, if you are worried that your loved one may not be good at handling

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money, has a high-risk job, creditor issues, an unhealthy marriage, or an addiction, allowing the trustee to decide when to make a distribution is a good way to protect your loved one. Provisions can be made to properly care for your loved one while protecting the money you leave from creditors and predators.

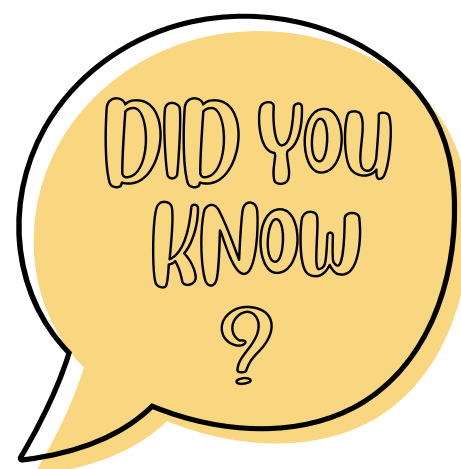
As a senior myself, I understand the importance of enjoying your golden years. One way to ensure that is to have a proper estate plan. Schedule a call with me to learn more about how I can help.



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INTELLECTUAL PROPERTY AND ESTATE PLANNING ATTORNEY

INSIDE THIS MONTH'S
ISSUE:

Questions Senior Citizens Ask about
Estate Planning-5



INFORMATION YOU CAN USE NOW AS WE ENTER THE 2022 TAX SEASON

The National Taxpayer Advocate Annual Report to Congress identified the most serious problems facing taxpayers this season 2022 tax season:

1. PROCESSING AND REFUND DELAYS. The Internal Revenue Service (IRS) is backed up, and it's not just the IRS's fault. It relies on taxpayers to do their part by filing on time and filing correctly prepared tax returns. When returns are filed on time, the IRS can send out timely refund checks. It can then focus on dealing with the people and companies that are not compliant. Not an excuse, but an explanation, the IRS is also backlogged due to the pandemic, lack of funding, and reduced staff. Understandably, taxpayers are upset.

As of mid-December, the IRS had:

a. 6.2 million unprocessed individual returns (Form 1040).

b. 2.8 million unprocessed business returns (Form 941).
c. 2.4 million unprocessed amended individual returns (Form 1040-X).
d. 427,000 unprocessed amended business returns (Form 941-X).
e. Approximately 4.75 million pieces of general taxpayer correspondence.

Do your part. File early and file accurately.

2. IRS RECRUITMENT, HIRING, AND TRAINING:

Over the past year, the IRS has faced significant challenges, mostly due to the pandemic. Staff related challenges include reducing staff, attracting new talent, and training employees. Lack of funding is at the core of the employment issue.

The Biden Administration plans to increase the IRS budget by nearly \$80 billion over the next ten years. This budget will enable the IRS to recruit, hire, and train qualified staff. A great start.

3. TRANSPARENCY AND CLARITY. The IRS has failed to keep taxpayers informed regarding user-friendly

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updates, the status of IRS operations, the challenges the IRS faces, answers to questions, and what taxpayers could expect. Keeping taxpayers in the dark has added another layer of challenge.

4. **Among the other serious issues impacting taxpayers this tax season are:**

- **FILING SEASON DELAYS:** Millions of taxpayers experienced difficulties and challenges in the 2021 Filing Season
- **ONLINE ACCOUNTS:** IRS online accounts do not have sufficient functionality and integration with existing tools to meet the needs of taxpayers and practitioners
- **DIGITAL COMMUNICATIONS:** Digital communication tools are too limited, making communication with the IRS unnecessarily difficult
- **E-FILING BARRIERS:** electronic filing barriers increase taxpayer burden, cause processing delays, and waste IRS resources
- **CORRESPONDENCE AUDITS:** Low-income taxpayers encounter communication barriers that hinder audit resolution, leading to increased burdens and downstream consequences for taxpayers, the IRS, TAS, and the Tax Court
- **COLLECTION:** IRS collection policies and procedures negatively impact low-income taxpayers





A WORD FROM YOUR

Trusted Legal Counselor

Written by Francine D. Ward

Without question, I am aware that I stand on the shoulders of proud, strong, amazing women. While I can never list them all here, there are a few that stand out as inspirations for me becoming a lawyer.

When I made the difficult decision to pursue a law degree, I was apprehensive. First, because I was a high school dropout, such a bold decision was way outside my comfort zone. My choice was further complicated because I had no role models to draw upon. What I did have was a strong faith, and when I was ready examples appeared. Examples of women who paved the way for me to have the career I now enjoy. Not surprisingly, three of the four women I mention here are New Yorkers and one is a transplant to New York. Something to be said about the fortitude and tenacity of women.

Shirley Chisholm

Representative Chisholm was the first Black woman in Congress in 1968 and the first woman to seek the nomination for presidency of the United States in 1972. I was one year out of high school in 1972 and didn't understand the significance of her bold outspoken presence. Today I do.

Constance Baker Motley

Judge Motley was the first Black woman appointed to the

WOMEN'S HISTORY MONTH: 4 WOMAN WHO INSPIRED MY LAWYER CAREER

federal judiciary. When I entered law school, Judge Motley was Chief Judge for the District Court for the Southern District of New York. In school I studied many of her brilliant court opinions.

Geraldine Anne Ferraro.

Representative Ferraro entered my orbit when she became the vice-presidential nominee in 1984. I was already entrenched in women's rights, but her example of heroism in the face of brutal disparaging attacks by men and women endeared me to her.

I am aware that I stand on the shoulders of proud, strong, amazing women. -Francine

Hillary Clinton

If I had to pick one woman, in public life, who I admire the most, undoubtedly it would be Secretary Clinton. Not surprisingly, as a strong woman, she's been the recipient of venomous attacks by men. But, I have never seen a woman who has done so much for women, be so reviled by so many women. If I was ever given the opportunity to meet one woman I admire, it would be Hillary Clinton. If I had a second, it would be Oprah.



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