

CLIENT ALERT

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Probate, Trust & Personal
Planning Practice Group
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Your Most Important Resolution of 2009: Review Your Planning Documents

New Year's resolutions typically center around improving physical, emotional and financial well-being. Among your resolutions should be a review of your personal planning documents to make certain that they are still effective under current law and still meet your personal goals. While your documents may have been drafted with a fair degree of flexibility to adapt to anticipated changes in the law and family dynamics, certain events may warrant attention to your plan.

- In January of 2009, the federal estate tax exemption rose from \$2,000,000 to \$3,500,000. Many estate plans take full advantage of the federal exemption by directing that assets valued in the amount of the exemption pass directly to your children or to a credit shelter trust

under which your spouse has limited access. The significant increase in the federal credit may cause you to reconsider your options.

- Despite the rise in the federal estate tax exemption, Rhode Island residents may only pass \$675,000 free from Rhode Island estate tax, and Massachusetts residents may only pass \$1,000,000 free from Massachusetts estate tax. This difference between the state exemption and the federal exemption may warrant a review of your documents to ensure that your plan minimizes estate taxes by capturing both the state and federal exemption amounts.
- The death of a named beneficiary may be reason to review your plan to ensure that his or her share

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passes to the proper beneficiaries in accordance with your wishes.

- Likewise, if your family has grown with the addition of children or grandchildren, you may wish to make special provisions for them, such as expanding bequests to your new family members, or ensuring that assets left to minors are done so in trust, to be administered by the appropriate fiduciaries.
- You may wish to review those individuals who you have named as trustees, executors and financial and health care powers of attorney. Are they still the most appropriate choices? Has anything occurred in their lives which might change your selection?
- If any of your beneficiaries have been diagnosed with a disability, you may wish to review the manner of disposition to that person. Would disposition in a protective trust, such as a spendthrift trust or special needs trust, be appropriate?
- Marriage and divorce can significantly alter the disposition under a will or trust by operation of law, and may cause inconsistencies between your documents and your intentions. If there has been a marriage or divorce, either by you or by one of your beneficiaries, you may wish to revisit the choices you have made in your estate plan.
- Your plan takes into account the size and nature of your assets at the time you executed it. Have your assets experienced significant changes such as conversion of real estate or a business interest, or through inheritance of additional assets? If so, you may wish to review your plan to make sure these changes have been taken into consideration.

You have put a significant amount of time, energy and emotion into your estate plan. Your attorney at Partridge Snow & Hahn LLP would be happy to discuss these important issues with you to ensure that your intentions are fulfilled.

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Providence
180 South Main Street
Providence, RI 02903
Tel: 401-861-8200
Fax: 401-861-8210

SouthCoast
128 Union Street
Suite 500
New Bedford, MA 02740
Tel: 774-206-8200
Fax: 774-206-8210

Warwick
2364 Post Road
Suite 100
Warwick, RI 02886
Tel: 401-681-1900
Fax: 401-681-1910

Boston
101 Federal Street
Suite 1900
Boston, MA 02110
Tel: 617-342-7361
Fax: 617-722-8266

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