August Estate Planning Monthly Webinar

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Practical planning ideas from the trenches

CASE STUDY 01

Retirement Plan Case Study: Sister, NJ Inheritance Tax, Fiscal Issues.

Coordinating payout status, state transfer tax, fiduciary design, and beneficiary protection.

Retirement Assets Are a Separate Planning System

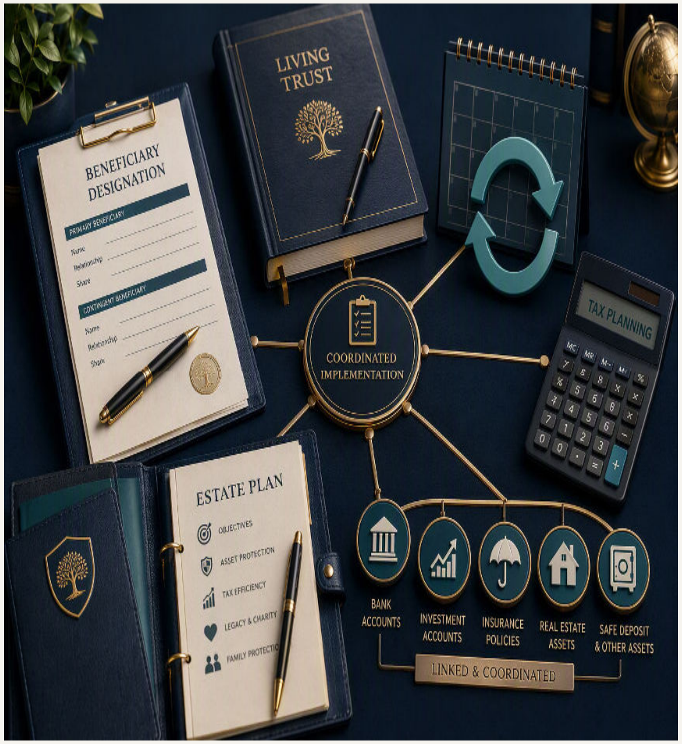
The beneficiary form, tax regime, trust terms, and dispositive plan must operate as one architecture.

Outright	Maximum simplicity; protection generally ends after receipt.
Client letter of intent	Nonbinding guidance can communicate intent but cannot compel prudent conduct.
Conduit trust	Retirement distributions generally pass through to the beneficiary. If EDB then over life expectancy not 10 years.
Accumulation trust	Trustee may retain distributions under protective standards. Trust income tax considerations.

A will or revocable trust does not override the retirement-account beneficiary designation.

Conduit or Accumulation Trust?

The central issue is how much protection should continue after retirement distributions leave the account.



CONDUIT TRUST

- Passes distributions outward – 10 years or EDB?
- Lower trust-level retention
- Protection weakens after payout
- Best where simplicity dominates

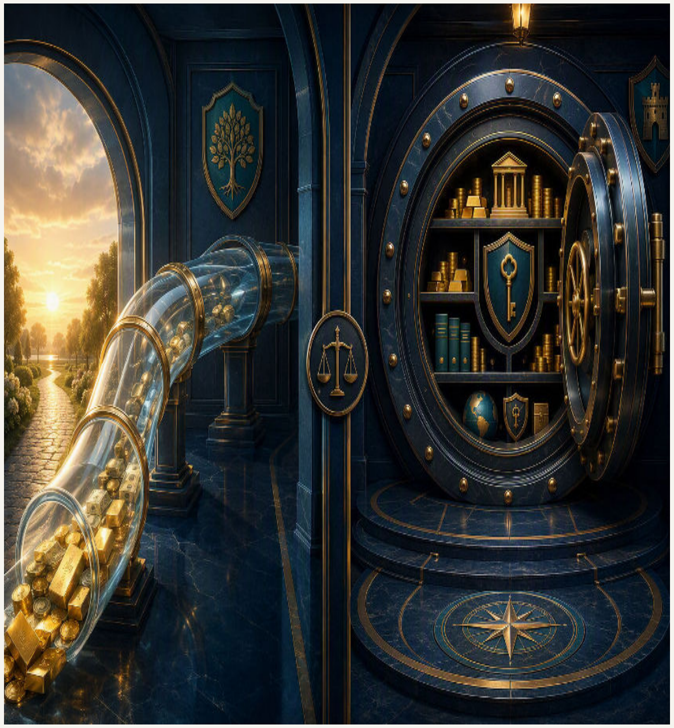
ACCUMULATION TRUST

- May retain distributions
- Potential compressed trust brackets
- Protection can continue
- Best where vulnerability dominates

A Practitioner Workflow for Coordinated Implementation

Treat designation, trust, tax model, incapacity plan, and recurring review as one engagement.

1 Objectives	Protection, access, tax efficiency, charity, and remainder control.
2 Classification	Determine payout rules and whether an exception may apply.
3 Modeling	Compare outright, conduit, and accumulation outcomes.
4 Coordination	Align trust language with every beneficiary form.
5 Incapacity	Coordinate durable authority and custodian requirements.
6 Review	Revisit values, tax law, fiduciaries, and beneficiary circumstances.



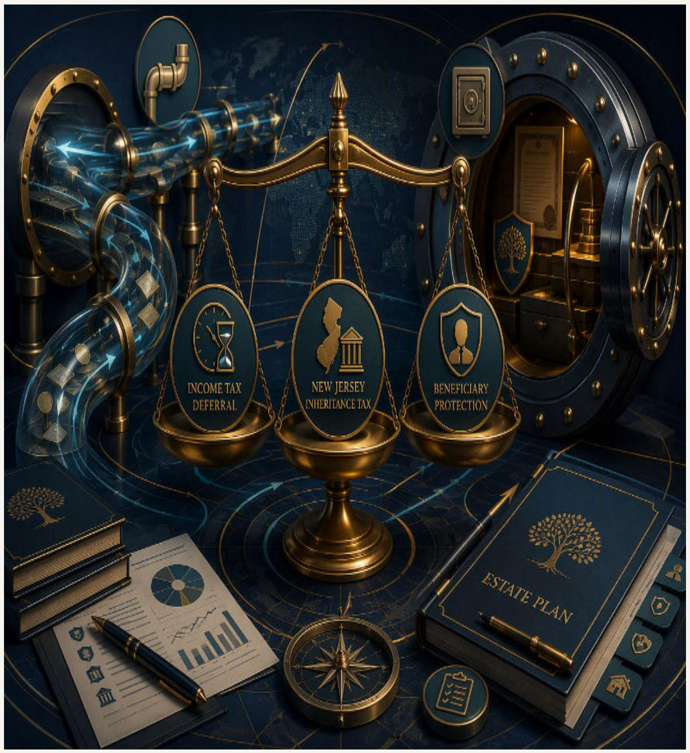
Case Study: When Three Planning Regimes Collide

An anonymized teaching scenario. Facts are generalized and identifying details removed.

Asset mix	What if most wealth is concentrated in traditional and Roth retirement accounts.
Sibling EDB	A sibling is only several years younger and may qualify as an Eligible Designated Beneficiary ("EDB").
Vulnerability	The sibling has difficulty managing money and has been vulnerable to attempted fraud.
NJ overlay	A sibling is a Class C beneficiary for New Jersey inheritance-tax purposes. Consider cash needs to pay 16% inheritance tax (NJ basis adjustment for inheritance tax paid adds further complications).
Legacy	Provide lifetime support while controlling the eventual remainder, including charity.

Case Study Analysis: The Planning Tension

Favorable payout status does not solve state inheritance tax or beneficiary-protection concerns.



EDB opportunity	Potential life-expectancy distributions can improve timing relative to the standard ten-year framework. Does that suffice to avoid using an accumulation trust.
NJ inheritance tax	Retirement accounts remain part of the Class C inheritance-tax analysis.
Financial risk	A longer payout period is not itself protection against poor decisions, exploitation, creditors, or undue influence.
Trust design	Compare outright, conduit, accumulation, and divided-account strategies rather than optimizing tax deferral alone.

Case Study: A Defensible Planning Process

The answer is a documented balancing process, not a universally correct beneficiary designation.

1 Confirm	Verify age difference, beneficiary status, account type, and trust qualification.
2 Model	Compare payout timing, income tax, and New Jersey inheritance tax. Might a gift program reduce inheritance tax?
3 Protect	Test structures against actual beneficiary risk and desired remainder control.
4 Coordinate	Align forms, trust terms, fiduciaries, charity, and incapacity authority.
5 Monitor	Review distributions, tax law, capacity, and fiduciary availability.

Document assumptions and revisit them as tax law and circumstances change.

CASE STUDY 02

Out of State Residence Planning Considerations

A New York or New Jersey domiciliary with a Massachusetts vacation or second home.

Case Study: One Family, Two States, One Vacation Home

Begin with domicile, title, intended use, liquidity, and tolerance for administration.

Domicile	The owners remain domiciled in New York or New Jersey.
Second home	A Massachusetts vacation residence may be retained, sold, used for a home based business, rented, or occupied more extensively.
Goals	Preserve survivor access, minimize multistate administration, maintain flexibility, and weigh cost against benefit.
Questions	Who should own the property? What probate, tax, lien, title, and future-residence consequences follow?

Three Ownership Paths, Different Problems Solved

A revocable trust may address probate. An entity may change characterization. Neither solves every issue.

DIRECT	REVOCABLE TRUST	LLC / ENTITY
• Simple lifetime title	• Probate-focused deed	• Potential intangible interest
• Massachusetts real property	• Coordinated succession	• Business-situs analysis
• Local probate or title work	• Real-property character may remain	• Annual governance and cost
• Tax and lien review	• Estate-tax issue may persist	• Domiciliary-state tax review

The Multistate Decision Matrix

Before changing title, model the intended benefit and every new risk created by the structure.

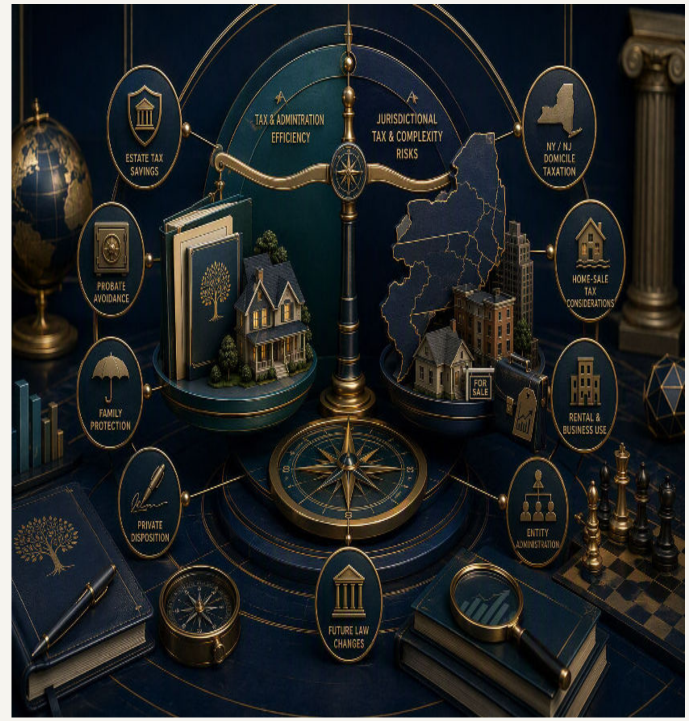
ISSUE	QUESTION	RESPONSE
Massachusetts probate	Can title avoid a separate local proceeding?	Trust deed or entity, if Massachusetts counsel approves.
Estate tax and lien	What filing, apportionment, lien-release, or title-clearance process applies? Will an irrevocable trust help? but then no step up.	Quantify exposure and burden before restructuring.
NY or NJ estate tax	Could an intangible interest enter the domiciliary taxable estate?	Run a two-state comparison.
Income tax and sale	Could rental, sale, later primary-residence use, or entity ownership affect tax?	Coordinate with a multistate CPA.
Use and situs	Will the home be rented or used for business? What is impact on MS income tax and possible estate tax?	Test business-situs and filing consequences.
Cost and flexibility	Do governance, financing, insurance, and filings justify the benefit?	Use the least complex verified solution.

The memorandum's detailed Massachusetts tax appendix was expressly preliminary and uncorroborated AI Research not to be relied on for decisions.

A Defensible Implementation Sequence

Resolve factual variables first, then complete deed, entity, tax, insurance, and estate-plan coordination.

1 Verify facts	Domicile, estate size, deed, mortgage, use, rental, business activity, sale, and possible move.
2 MA advice	Confirm deed, probate, estate-tax, lien, and entity treatment under current law.
3 Model states	Compare Massachusetts with NY or NJ estate and income-tax consequences.
4 Choose title	Direct, revocable trust, LLC, or another verified vehicle.
5 Implement	Record deed; update entity, insurance, financing, trust schedules, wills, powers, and records.
6 Review	Revisit use, value, domicile, law, carrying costs, and sale strategy.



CASE STUDY 03

Can you Use uncorroborated AI Research?

Many say no but if it is clearly labeled and merely used to identify possible issues to explore why create more cost or less robust work for a client?

What OPR Alert 2026-19 Says About AI Research

The Alert treats AI output as draft work product and ties verification to existing Circular 230 duties.

§10.22 Due diligence

Thoroughly review AI-created documents before client delivery or IRS submission. Verify facts, citations, and calculations.

§10.37 Written advice

Independently authenticate factual and legal information used in federal tax advice; check cited cases and confirm forecasts, inputs, and formulas.

§10.35 Competence

Understand the AI system's operational mechanics, limitations, and risks, and evaluate whether output is suitable for the matter.

§10.36 Procedures

Maintain firm policies, training, secure data handling, accuracy monitoring, vendor review, and documentation.

Alert takeaway: before AI output becomes advice, a filing, or relied-upon work product, the practitioner remains responsible for accuracy, judgment, confidentiality, and supervision.

A Different View: Disclosure Can Define the Permissible Use

A clearly labeled preliminary research appendix may serve a different function from final written advice or an IRS submission.

1 Label the status

Mark the material prominently: "AI-GENERATED PRELIMINARY RESEARCH, NOT CORROBORATED, NOT ADVICE, AND NOT FOR RELIANCE." Explain what was and was not reviewed.

2 Limit the purpose

Use the material only to identify possible issues, jurisdictions, questions, or planning paths for discussion and to help the client decide whether additional research should be authorized.

3 Match review to reliance

The proposed standard is proportionality: preliminary non-reliance material may receive limited review; citations, calculations, final advice, filings, and relied-upon conclusions receive full professional verification.

Discussion position, not settled authority: disclosure should matter because reliance is expressly withheld pending client authorization for further work.

CASE STUDY 04

Can an Irrevocable Spousal Trust Function Like a Post-Nuptial Agreement?

An issue-spotting case study concerning voluntariness, disclosure, independent counsel, valuation, fairness, and public policy.

Case Study: A One-Sided Spousal Trust Before Marital Breakdown

The issue is functional substance: did the trust arrangement reallocate marital property rights in a manner analogous to a mid-marriage agreement?

TRUST ROLES	One spouse purportedly signed as settlor; the other spouse served as co-trustee.
PROPERTY SHIFTED	Any assets, e.g. closely held entity interests could be placed beyond the settlor-spouse's effective reach.
NO RECIPROCAL BENEFIT	Does the arrangement allegedly deliver commensurate economic protection or benefit to the transferring spouse.
PROCESS CONCERNS	The transferring spouse reported no meaningful financial disclosure, no independent counsel, and no understanding of the consequences.
VALUATION CONCERN	The transfer reportedly relied on an older valuation of a significant real estate asset.

Why the Trust May Be Analogous to a Post-Nuptial Agreement

The comparison focuses on what the arrangement did, not merely the instrument's label.

TRUST FUNCTION	POST-NUPTIAL ANALOGY
• Written arrangement executed during marriage	• A post-nuptial agreement is a written marital contract
• Allocated property rights and financial control	• It governs spouses' property rights and obligations
• Affected outcomes upon divorce or death	• It operates in divorce, separation, or death
• Signed by one spouse as settlor and the other as fiduciary	• A bilateral trust structure may evidence spousal participation

Policy question: should a spouse be able to avoid heightened mid-marriage-agreement scrutiny by using an irrevocable trust to accomplish substantially the same economic reallocation?

Apply the Heightened-Scrutiny Factors to the Trust Process

New Jersey decisions emphasize process and substantive fairness when marital agreements are executed during marriage.

FACTOR	QUESTION	PRACTITIONER INQUIRY
Voluntariness	Was there pressure, dependency, dominance, or inability to refuse?	Investigate communications, timing, marital context, and execution circumstances.
Full disclosure	Were all material marital assets and consequences disclosed accurately?	Identify missing schedules, incomplete asset information, and stale or unsupported valuations.
Independent counsel	Did each spouse receive separate advice from a lawyer owing undivided loyalty?	Determine whether counsel was offered, retained, independent, and sufficiently informed.
Understanding	Did the transferring spouse understand loss of access, control, divorce rights, and death consequences?	Examine drafts, explanations, acknowledgments, and contemporaneous evidence.
Fair and equitable terms	Did the spouse receive a meaningful reciprocal benefit or protection?	Compare economic outcomes before and after the transfer, including trust-owned replacement assets.

Planning and Litigation Takeaways

A technically valid trust instrument may still create separate matrimonial, fiduciary, valuation, disclosure, and professional-responsibility questions.

For planners

Document purpose, disclose material assets and valuations, insist on independent counsel, explain adverse rights, and avoid using a one-sided SLAT as undisclosed pre-divorce positioning.

For litigators

Reconstruct the transaction as a marital-property arrangement: who proposed it, who controlled information, what changed economically, and what reciprocal consideration existed?

For valuation professionals

Use current, supportable valuations and disclose limitations. A stale valuation can distort both tax reporting and the fairness analysis.

For courts and policymakers

Consider substance over form so that irrevocable-trust planning does not become a loophole around safeguards applicable to mid-marriage agreements.

Caution: the trust/post-nuptial analogy is an advocacy theory and issue-spotting framework, not a reported holding applying marital-agreement law to this sanitized trust.