



Avoiding Probate Court and Trusts

by John P. Koscianski, Attorney At Law

People who give serious thought to their Estate Planning often want to take the steps necessary to enable their estate to avoid Probate Court when they die. Let's review the effective ways to avoid Probate Court and how a Living Trust may be the best alternative to that end.

Quick review: Generally Probate assets are the accounts, cars and land registered in a person's name with no prior arrangement for transfer of ownership upon death. In other words the assets without a joint owner or designated beneficiary. So when the owner of the asset dies, we need the Last Will and Testament to tell us who gets what. The Will is then filed with the Probate Court and, if necessary, an executor is appointed to gather the "Probate assets", pay your final bills, and transfer the remaining assets to the beneficiaries under the will. When Courts are involved there are Court costs and usually lawyers' fees which clients prefer to avoid.

Now let's consider the two primary means used to avoid Probate Court. First, using the Asset-by-Asset strategy, and second using a Living Trust.

In the Asset-by-Asset strategy a person puts a beneficiary on all their assets. In Ohio, not only can we make bank accounts or investment accounts transfer on death (T.O.D./P.O.D.), but we can also make homes, cars, and boats transfer on death. Or, in the proper situation, we can create an automatic transfer by adding joint owners to our assets with rights of survivorship. These arrangements for asset transfers are easy to create and usually cost very little or nothing, relative to the cost savings of avoiding Probate.

The problem with this strategy is what I like to call 'estate administration by committee'. If all your assets automatically transfer to, let's say, your four children, who is going to be responsible for your final debts and expenses? Who pays the taxes, insurance, and utilities until the house sells, or files your final income tax return? And what if there is a disagreement over the listing price of your house or what to do to prepare the house for sale? Essentially, you have to consider the personality dynamic of these beneficiaries and whether they will cooperate with each other.

In the alternative we could create a trust and put all of our accounts, houses and cars into the trust. You can put almost any asset you own into your Trust and avoid the jurisdiction of the Probate Court. You see trusts are recognized by law as legal entities, which can control the disposition of our assets upon death. Accordingly, we do not need the Last Will and Testament and the Probate Court to determine who benefits from the assets in trust.

What is great about trusts is the fact that one person, your successor trustee is in charge of liquidating all your assets, making all the important decisions and taking care of your final affairs. It avoids the potential conflict of the 'administration by

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John P. Koscianski

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Thank you to all of our generous clients who helped contribute to our 2014-2015 Harvest for Hunger campaign. Between monetary donations and food collection, LFG donated over 6200 meals to help feed the hungry in our community!



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LETTER FROM THE PRESIDENT

by Jim Lineweaver, CFP®, President and Founder



Good Old Summertime!

Ever since I was a kid, summers have been a special time of year. Back then no school and the freedom of summer were a thing of beauty. It's a great time to be outdoors, enjoying all Northeast Ohio has to offer. We're not held captive by the cold weather of winter and can spend more time with family, friends and neighbors. I don't want to rain on your parade, but winter will be back before you know it. So why am I reminding you of something you would probably like to forget? Don't let summer slip away without taking advantage of it. If there is something you would like to do or someplace you would like to go my suggestion to you is to do it now. It could be as simple as going out for ice cream or throwing a hot dog on the grill!

Let's take this thinking one step further. If there is something that is on your bucket list, why not start putting plans in place to check it off of your list. If you have the resources and health now, take advantage of both of them and make that dream a reality. None of us know what the future holds... putting things off might mean they never become a reality; I have seen it happen all too often. Don't make that mistake. If there is something on your bucket list and you would like our assistance making certain it won't upset your financial plans, give us a call. I recently met with a client that wanted to know if they could afford a new sailboat; they are shopping for one now!

We are six years into a period of economic expansion coupled with six years of rapid market growth. Just like summer will come to an end, so will the pace at which we have seen the market growth and expansion. We have taken some initial steps to insulate you from the upcoming volatility, and will take additional steps as warranted. Having said that, if you would like to review your portfolio for further adjustments, give us a call.

There are myths about how the market behaves in the summer, and they tend to contradict one another. One thought is that sometime between Memorial Day and Labor Day there typically is a significant upturn in the market, or a summer rally. The opposite belief is that summer does not bode well for stocks, and you should sell in May and go away and get back in the market in the fall. You can find statistics that support each camp. We tend to think that there can be similarities in market cycles, but each year, as each client, is unique.

While you are relaxing and enjoying summer I want you to know that my staff and I are hard at work... for you! I've put together a top notch staff so that we can provide you with a level of service that is unparalleled. If you need something, we are here for you.

PROTECTING YOURSELF FROM IDENTITY THEFT

With the summer in full swing, its prime time for vacations, weekend getaways, roadtrips, and lots of fun that may take you away from home. Unfortunately, travelling opens up a whole host of additional ways for identity thieves to strike. Here are some tips to help keep yourself protected-

- Never carry your social security card or any documents that have your social security number on them in your purse or wallet.
- If you're leaving your house for more than a day or two, have the post office hold your mail. At the very least, have a trusted person come pick it up for you.
- Be careful what you say about yourself in public- especially on your cell phone! Your bank or credit card company may call to inquire about charges if you're travelling to help verify that you are making the charges- but you wouldn't want to say account information, birth dates, or social security numbers where a lot of other people might hear you!
- Keep your receipts and compare them with your statements.
- When stopping at an ATM, be careful that no one is standing too closely where they may be able to see your PIN.

Even following these tips, identity theft can happen to anybody. If you believe you are a victim of identity theft, contact the local authorities immediately. Call the credit card companies you use to cancel your existing cards and get new cards with new numbers. You'll also want to call the three major credit bureaus (Equifax, Experian, and TransUnion) and put a "fraud alert" on your file- this will prevent new lines of credit from being opened with your information. Finally, call the Federal Trade Commission's ID Theft Clearinghouse (1.877.IDTHEFT) to report the theft. And remember to act quickly- time is of the essence when it comes to identity theft!

Sources: ftc.gov, usa.gov, fbi.gov

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committee' mentioned above and can be a very effective way to avoid the costs and delay associated with Probate Court.

However, trusts can be expensive and attorney fees to prepare trusts usually start around \$1500. But that cost can be much less than the costs associated with Probate Court and getting the assistance of an attorney is strongly recommended. By the way, since we are avoiding Probate and the checks and balances associated with the Court's supervision of your estate administration, we must be certain we can trust our successor Trustee. Does he or she have the time and mind set to effectively complete the administration/liquidation of the trust?

Under the right circumstances a Trust can be a very efficient and cost effective way to avoid Probate Court. Putting one person in charge of your estate administration will help avoid conflicts and could save your heirs thousands of dollars.

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MONEYWATCH

DJIA: 17619.51

YTD: -1.14%

10 Year Treasury Note Yield: 2.42%

6/30/14: 2.53% 3/31/15: 1.89%

30 Year Mortgage Rate: 4.16%

6/30/14: 4.13% 3/31/15: 3.69%

Source: Yahoo Finance

Past market performance is no guarantee of future investment performance or success.

It is not possible to invest directly in an index. Close of Market 6/30/15

GOLDEN OPPORTUNITIES SHOW

Tune in to WKYC Channel 3 at 11:30 am every other Sunday to see Jim Lineweaver on the Golden Opportunities show with Laurie Steiner. Jim and Laurie discuss current financial topics in an easy to understand format.

Upcoming shows and topics:

Sunday, July 12, 2015

Downsizing

Sunday, August 9, 2015

Inherited IRAs and Creditor Claims



ECONOMIC COMMENTARY



Despite reaching a recent record high in mid-May, the U.S. stock market as measured by the S&P 500, is up less than 2% through 6/16/15*. Stocks remain in the range they have been in for most of 2015. Healthcare, consumer discretionary, and financials continue to lead the stock market. Foreign developed markets, as well as China, are exhibiting better relative strength than the U.S year-to-date. This is why a global approach to diversification is important. Interest rates have been generally climbing higher this year which has muted bond returns (bond prices move in the opposite direction of interest rates).

So what's driving the financial markets? The negotiations between Greece and the European Central Bank are front and center once again. Bond volatility in Europe is spilling over to the U.S. And let's not forget the continued intervention of the Federal Reserve in the U.S. and other Central Banks which are firmly entrenched in the financial markets.

Despite all the negative news and headlines that you may encounter, the stock market has been holding up quite well. September remains firmly in play for the first interest rate hike by the Federal Reserve which has general been viewed as a big negative for the financial markets. This may turn out to be a case of Y2K all over again which after much hoopla became a non-event. By that, we mean that when news becomes the consensus, financial markets have already discounted the generally accepted outcome.

We are entering into a traditionally weak period in the stock market based on summer seasonality. The stock market has been humming along without a 10% correction since August 2011. When this does eventually occur, understand that it is a normal part of the investing landscape. That doesn't mean it is time to become defensive. Since we will not position portfolios on predictions, we will adapt if necessary and make adjustments as needed. We see the recent short-term pullback in the stock market as still within the context of a longer-term uptrend. We continue to move forward, but with caution.

**Source: stockcharts.com*



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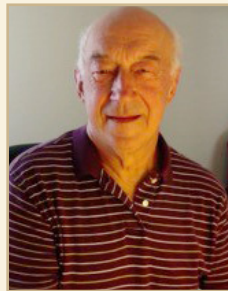
Watermelon is the summer's favorite vegetable. Yes, vegetable and not a fruit! It is part of the cucumber, pumpkin, and squash family. Fruit or veggie, this juicy favorite is 92 percent water and the average American eats 15 pounds of watermelon a year.



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CLIENT SPOTLIGHT

Egidio "Jim" Bof



Here at Lineweaver Financial Group, we encourage all of clients to stay active in their retirement and find a project (or two!) that not only helps fill their time, but is something they feel passionately about. LFG Client Egidio "Jim" Bof volunteered his time at the U.S. Department of Veteran Affairs (VA) system to connect veterans with services they need. A veteran himself, Mr. Bof enlisted in the United States Air Force at the age of 18 and served from 1962 to 1966. For the past two years, he volunteered for the

Veterans' Advisory Council at the VA Medical Center at Wade Park, working directly with the advisory board of 13 people to help better serve those who have selflessly served our country.

During this time, Mr. Bof says he has seen many positive changes at the VA, particular with appointment notification and notifying local veterans of orientation presentations, which help give veterans the information they need to get into the VA.

If you have an interesting hobby or adventure to share, call or email *Jennifer* at Jennifer@lineweaver.net. We would love to hear from you!



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