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Anderson, Dorn & Rader, Ltd.

yourestatematters®

Will the Market Affect Your Heirs?

Absolutely—But Flexible Estate Plans Can Minimize the Impact

How long will the current downturn last? No one knows for sure—but what we can safely say is that, just like they have for hundreds of years, asset values will rise and fall over time. While you can't control market fluctuations, you can create an estate plan that allows your trustee to make decisions in the best interest of your heirs. Your trustee needs to fully understand your intentions and your desires… but if your estate plan isn't flexible enough, he or she may not be able to carry out those wishes.

Let's look at a simple scenario. Imagine you have two children and you intend to divide your assets equally between them. When you created your estate plan, your home was worth $400,000 and you owned Enron stock worth $400,000. To make it simple, you specified the home would pass to your son and the stock to your daughter.

As you can see there's a problem: today your home is likely to still be worth between $320,000 and $400,000, but the Enron stock has no value. If your estate plan is inflexible, your trustee may have no choice but to pass a worthless asset to your daughter while your son receives your home.

Our goal is to develop an estate plan that will ensure your wishes are carried out while providing your trustee the flexibility to make smart decisions based on market conditions. For example, you could provide for your son and daughter equally and give your trustee the flexibility to determine which particular assets should go to whom.

Financial markets rise and fall and asset values change, sometimes incredibly rapidly—so make sure your estate plan is built to adapt to those changes. ■

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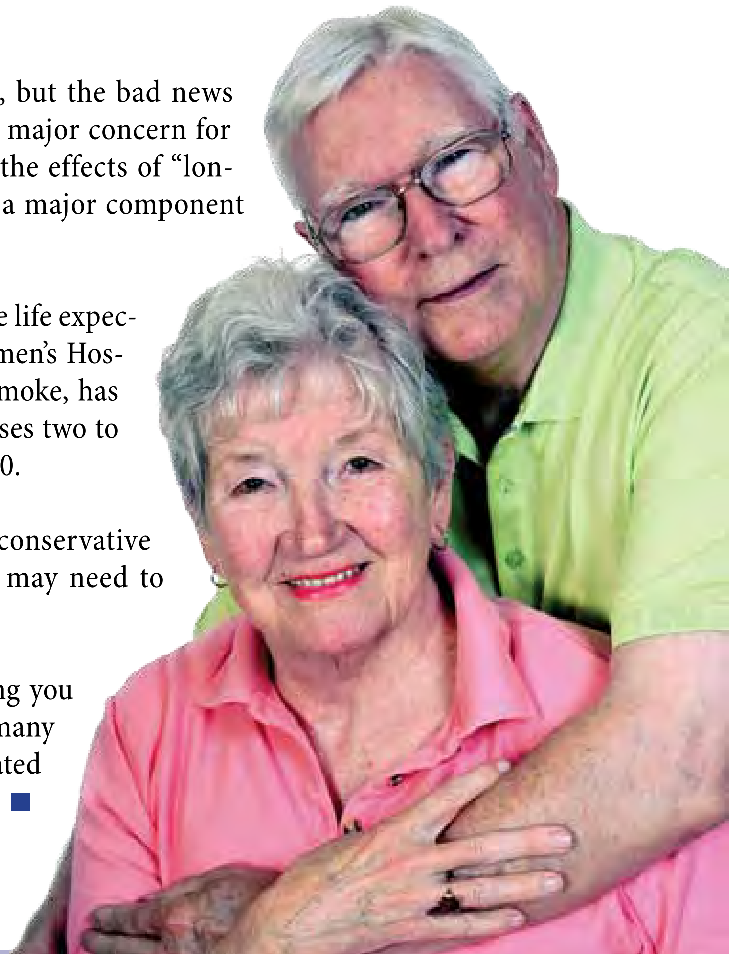
We're Living Longer...

...Make Sure Your Money Keeps Pace!

How would you feel if your life expectancy was only 47 years? If you were born in 1900, that sadly was the reality.

Fortunately, age-adjusted death rates in the U.S. have declined significantly, causing life expectancy to hit a recent record-high of 78.1 years, according to Centers for Disease Control statistics. And according to the Bureau of Labor Statistics, the average person retires at a record-low 62 years old. The combination of higher longevity and earlier retirement means today's average retiree can expect 18 years of retirement, compared to 12 years for an individual who stopped working in 1955.



The good news is we're living longer and retiring earlier, but the bad news is some of us could run out of money before we die. It's a major concern for people planning retirement, so much so that calculating the effects of "longevity risk" (the risk of outliving your money) should be a major component in any retirement and estate plan.

What should you do? First, assume you'll outlive the average life expectancy and plan accordingly. Results of a Brigham and Women's Hospital study suggest that a 70 year-old man who does not smoke, has normal blood pressure and weight, no diabetes, and exercises two to four times per week has a 54% probability of living to age 90.

Next take into account the effects of inflation. Even at conservative inflation rates, if you live 30 years past retirement, you may need to double your income to maintain a similar lifestyle.

Finally, ensure your estate plan creates a blueprint allowing you to take advantage of increased longevity and enjoy your many healthy retirement years by keeping your estate plan updated through periodic reviews with our office. ■

Before You Travel

A Quick Estate Plan Checklist

Vacations are a great way to relax and get away from the stress and worry of everyday life. To make sure your vacation is as worry-free as possible, take care of these estate planning items:

- Create or update a Living Will and a Health Care Power of Attorney to allow your agent to make medical decisions on your behalf if you become incapacitated.
- Create or update a Durable Power of Attorney so a trusted friend or relative can act on your behalf if you become incapacitated.
- Update your Will to ensure any financial or life changes are taken into account.
- Create or update a Revocable Living Trust to minimize tax repercussions and ensure your wishes are carried out exactly as you intend.
- Create or update a document listing your bank accounts, investment accounts, insurance policies, and any bills you pay online—including appropriate PINs and passwords.

Call our office to get your estate planning ducks in a row—then enjoy your time away! ■

After Your Loved One Is Gone

Take Your Time… There's No Rush

Oil and water don't mix, and neither do grieving and making financial decisions. After a loved one passes away and once the estate is settled you may find a number of financial decisions need to be made.

Surviving family members can sometimes be tempted to rush into making financial decisions as a way to bring a sense of closure. Don't give in to that urge: slow down, grieve, take the time to heal with the support of your family and friends, and then get organized and make financial decisions from a less emotional basis.

The following are tips for working through your grief while you assume sole responsibility for your finances:

- **Take time to grieve.** You may be tempted to think too far ahead, which can be overwhelming. You have plenty of time to make plans after you work through the emotions of your loved one's death.
- **Get organized.** Become familiar with all your bank, investment, retirement, Social Security, Trust, and insurance accounts and policies. Make sure you know exactly where you stand.
- **Review and update your estate plan.** Your Trust or Will may need to be updated. And you may need to change designations for your Powers of Attorney, retirement plans and insurance. Contact our office to bring your estate plan up to date as soon as possible.
- **Do not retitle any assets.** Call our office to review the necessary steps that need to be taken before you retitle any assets. This meeting should take place approximately two weeks after your loved one has passed.
- **Seek advice from professionals.** If your loved one took responsibility for the majority of your household finances, you might want help making investment and financial planning decisions.
- **Create a new budget.** Evaluate your income and your expenses. Your expenses may be slightly lower after your loved one passes away, but your income may be as well. Make sure your new spending budget fits within the boundaries of your new income.
- **Know your benefits.** Contact the Social Security Administration to discuss what benefits may be available. You may be entitled to survivor income benefits and a lump-sum death benefit. Review life insurance and retirement benefits that may be personally owned or held through an employer.

Most importantly, take your time before you make any major financial decisions. Typically there are very few reasons why family members or a surviving spouse may need to make quick decisions, especially if you have a solid estate plan in place. Major decisions such as selling your home and making investments can usually wait at least six months to a year or more.

Keep in mind that as you begin to heal from your loss you may find that your interests slowly change. Grieve, heal, and then make good decisions based on how you really want to live the rest of your life. ■

What's in a Legacy?

She made millions laugh in the 1970s on *Saturday Night Live* and later in movies and on Broadway. Yet if those accomplishments are not enough, this Emmy award-winning actress and bestselling author leaves behind a much greater legacy.

Her death from ovarian cancer in 1989 raised awareness of early detection and its connection to family epidemiology, leading to the development of screening and testing that has helped millions of women detect and treat ovarian cancer much earlier. Her husband also established an Ovarian Detection Center at Cedars-Sinai Hospital, and later helped found a network of affiliate clubhouses where people living with cancer and their friends and families can meet to learn how to live with cancer.

While she created characters that live on in memory, Gilda Radner helped greatly increase public awareness of ovarian cancer and the need for earlier detection and treatment, saving the lives of countless women around the world. Your legacy also includes the memories you pass on to your loved ones, including your values, your actions, and what your life stood for.

What will your legacy be? ■

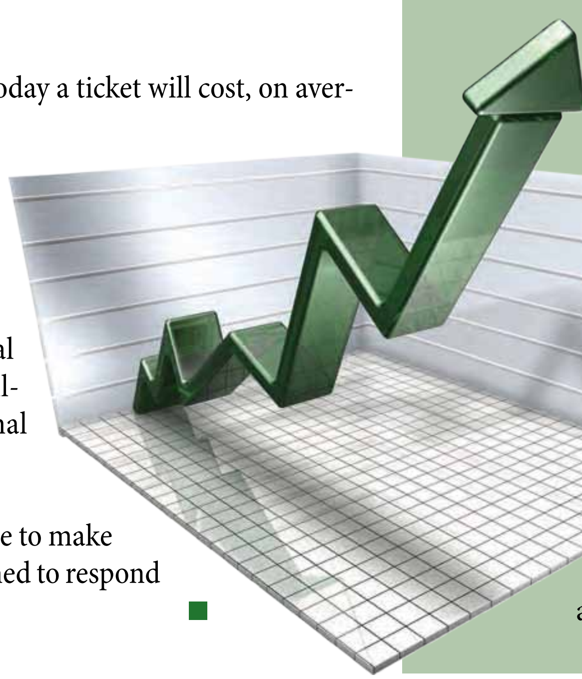
A Look Back

Times Have Changed… and So Have Prices

The recent death of actor Paul Newman brought to mind for many his classic 1967 movie "Cool Hand Luke." Since 1967 a number of things have changed, and not just in terms of your hair style and color. Prices and financial conditions have changed dramatically. Effective estate planning requires having an eye on the future, so we thought it would be fun to remind you how things can change by looking back at conditions in 1967:

- The Dow closed the year at 905. (The 1967 low was 786.) In early October 2008 the Dow was over 9,000 after an all-time high in 2007 of over 14,000.
- Average cost of a new house was $14,250. In 2007, the average cost of a new house was over $310,000.
- The Federal minimum wage was increased to $1.40 an hour. Today the average minimum wage is $6.55.
- Average monthly rent was $125. Today the average monthly rent is $826.
- Gas was 33 cents per gallon. In 2008, the average price was over $3.50 per gallon.
- Average cost of a new car was $2,750. Today the average price is $28,400.
- Movie ticket cost $1.25. Today a ticket will cost, on average, over $9.
- First class stamp cost 5 cents. Today a first class stamp costs 42 cents.
- And finally, the national debt in 1967 was $340 billion; in 2008 the national debt topped $10 trillion.

Times change— call our office to make sure your estate plan is designed to respond effectively to those changes. ■



Keep More in Your Pocket

Pay Zero Tax on Certain Investment Gains

Tax-free gains sound too good to be true, but as long as you fall within certain guidelines, it can be true for you. If you and your spouse's joint taxable income is less than $65,100 (or $32,550 if you're single) and you have owned a security for more than one year, you are exempt from capital gains tax from 2008 through 2010.

Those gains must fall within the taxable income limits, though—if your gains push you over $65,100, the surplus amount will be taxed at the normal 15% rate.

Currently this tax break is only scheduled to run through the 2010 filing year. It may be extended but there's no way to be sure, so make sure you take advantage of the tax savings while you can.

Here's a quick example. Say your joint income, after deductions, is $60,000. If you sell a security for a capital gain of $5,000, you'll owe no capital gains tax since your taxable income will be $65,000. If you sell a security for a gain of $10,000, your taxable income will be $70,000, and you'll pay 15% tax on the $4,900 "overage."

You can take advantage of this tax break in other ways. If your child contributes financially to your support, he or she can give you a long-term security with a value up to $13,000 without incurring a gift tax liability. As long as they held the security for at least a year, you could sell it immediately and it will still be considered a long-term gain—and if you fall within the taxable income limits, you'll avoid the capital gains tax. ■

Winning Recipe

Blueberry Muffins

1 ⅚ cups flour
1 ¼ cup white sugar
½ teaspoon salt
2 teaspoons baking powder
1 ½ teaspoons ground cinnamon
1 cup blueberries
1 egg
⅓ cup milk
⅓ cup vegetable oil
¼ cup butter

- Preheat oven to 400°F. Grease muffin cups
- Combine 1 ½ cups flour, ¾ cup sugar, salt and baking powder
- Combine vegetable oil, milk, and egg in separate bowl
- Mix wet ingredients with flour mixture
- Fold in blueberries
- Topping: Mix together ½ cup sugar, ⅓ cup flour, ¼ cup butter, and 1 ½ teaspoons cinnamon, mix with fork
- Fill muffin cups and sprinkle with topping
- Bake for 20 minutes, or until done

Makes 4 servings

Nutrition Information Per Serving:

Calories	383
Total fat	16.1g
Cholesterol	43mg
Sodium	341mg
Carbohydrates	56.9g
Dietary fiber	1.5g
Protein	4.3g

Have a great recipe to share with everyone? Have it featured in our next newsletter by emailing it to **info@wealth-counselors.com.** ■

Four Basic Ways to Live Longer

It's easier than you may think to lower the risk of heart problems and add years to your life. A recent study found that four basic healthy behaviors make a huge difference, even if you don't start until late in life.

In a study published in the July 2007 issue of *The American Journal of Medicine*, researchers found that middle-aged people (45 to 64) who added healthy lifestyle behaviors could substantially reduce their risk for cardiovascular disease and reduce their death rate.

Once study participants adopted the four healthy behaviors, researchers found a 35% reduction in heart disease and a 40% reduction in mortality compared to people with less healthy lifestyles.

Here's what you can do:

1. Eat at least five fruits and vegetables each day.
2. Exercise at least 2.5 hours each week.
3. Maintain a moderate body mass index (to calculate your BMI, visit the National Institute of Health website at **www.nhlbisupport.com/bmi**).
4. Quit smoking.

"The findings emphasize that making the necessary changes to adhere to a healthy lifestyle is extremely worthwhile, and that middle-age is not too late to act," said researcher Dana E. King, MD.

Three key study findings:

1. The benefit of switching to a healthy lifestyle past age 45 was evident in four years or less.
2. The positive impact of changes occurred with modest changes in health habits.
3. The healthy lifestyle was beneficial when compared to all persons with three or fewer healthy habits, not just in comparison to people with none or one habit.

Participants adopting only three of the four healthy behaviors experienced lower mortality rates but not a lower rate of heart disease.

In short: It's never too late to get healthy! ■

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A Message From the Firm Founder

Bradley B Anderson

These are difficult times for many people and their businesses, but also times when we need to be vigilant about our planning. It is at times like these when people can be "penny wise and pound foolish." Everyone wants a bargain, but with professional services, as with most things in life, you get what you pay for. Anderson, Dorn & Rader has made a conscious decision to keep our fees at the same level we have had for the past two years, rather than raise fees, despite continuing increases in the cost of the overhead to provide our services. We are absolutely committed to continue to be the premier estate planning law firm in northern Nevada. Watch your mail and our advertising as we introduce new services to even more families.

Finally, many of you have learned that our esteemed associate, Russel Geist, has accepted a position with a prestigious law firm in Las Vegas. We will miss him greatly, but wish him and his family all the best. It is always our mission to continue to provide you and your family with the highest degree of estate planning knowledge and services. We will help you to preserve and create your legacy and provide your loved ones the information and services to continue to respect what you have left them. ■

Compliments of

Anderson, Dorn & Rader, Ltd.

Our highly qualified estate planning attorney team and staff are here to guide and help you with all of your legacy and wealth planning needs. Our firm is dedicated to providing you, our clients, with the highest quality estate planning resources and documentation. When you visit or call our office, we want you to feel comfortable discussing the important issues that concern both you and your family. We want to further equip you with all the information you need to make informed decisions about your family's future. We will continue to be your guide on the path toward preserving and passing on your family's legacy.

As always, we strive to serve your needs and if you have any questions about your estate plan or if you just want to refer a friend or relative for a free consultation–please don't hesitate to call us at **(775) 823-WILL** or email **jll@wealth-counselors.com.**

Send us your favorite recipe so we can include you in the drawing to appear in our next issue! ■