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Refinancing Your Home

The Unintended Consequences for Your Estate Plan

The combination of higher home prices and mortgage interest rates at or near historic lows caused hundreds of thousands of Americans to refinance their home loans in recent years. Refinancing made perfect sense for those seeking to turn home equity into cash or lower their monthly payments.

However, refinancing may have created unintended consequences for your estate plan. In nearly every case, refinancing a home mortgage requires taking your home out of a Trust because lenders are reluctant to lend on the property while the property is in the Trust. If you remove the property to refinance it, it's then in your probate estate and subject to the probate process and controlled by your Will. Plus, the provisions of your Trust and your Will may not be consistent. For example, your Will could simply divide remaining assets equally between beneficiaries while your Trust might provide that the home would pass to only one beneficiary.

While a Pour-Over Will could stipulate that any remaining assets be placed in your Trust, in many cases the considerable time and expense of probate—along with the fact that probate is a public, non-confidential process—will be required.

Your best option? If you removed your home from your Trust to refinance your mortgage, once the transaction is complete place the home back in the Trust. That way your intentions for how your estate plan is structured, and how and when your assets will be passed to your beneficiaries, will remain intact.

Keep in mind that major financial transactions and life events, such as marriage or the birth of a child, may require changes to your estate plan. If you've had a change in your family or to any major assets, call our office to make an appointment to see if an update to your estate plan is appropriate, so your wishes for how your loved ones will be protected and cared for can be carried out.

Want to Organize Your Recipes?

It's as Easy as 1-2-3

Just about every cook has loose recipes stuffed in drawers and cabinets and stuck between pages in cookbooks. Which means just about every cook wishes their recipes were better organized. If that sounds like you, here's a simple process:

1. **Re-write your recipes on 4 x 6 index cards.** While that sounds far from cutting edge, the reason will soon become evident.
2. **Laminate your recipe cards.** UPS Stores, arts and craft shops, and other stores provide lamination services or lamination pouches. (Or you can purchase your own lamination device for around $40.)
3. **Place your recipe cards in an index card box.**

The result? Your recipes will be in one place. The cards will be easy to clean if they get wet or sticky after use. Best of all, not only will you someday be able to pass your recipes down to loved ones—they will love the fact your handwriting shows that they are *your* recipes.

Aging in Place

Planning for Growing Older at Home

A common wish for many is to stay at home rather than move to an assisted living facility. Fortunately, putting the right support systems in place could make it possible for someone you love to continue to live independently.

The first step is to make sure the home is both easy and safe to live in. Placing a ramp at the front door, installing grab bars in the tub or shower, and removing rugs and other trip hazards will not only make the home safer, but may also help your loved one qualify for Community Medicaid in some states (Community Medicaid is a needs-based program for individuals who lack sufficient financial resources to create a safe environment for care while remaining at home).

Next, speak with an attorney about arranging assets with Medicaid estate planning in mind. Generally speaking, there are a number of asset and income requirements where Medicaid qualification is concerned. For example, the individual may only be allowed to keep $2,000 in cash and other "available resources" before Medicaid kicks in. But with the right planning, certain assets may not be considered "available resources," both protecting them for the estate and making them available to enhance the individual's quality of life. (Medicaid planning can be complicated; call our office for guidance specific to your loved one's unique financial situation and needs.) Uncompensated transfers within 5 years of the need for Medicaid trigger a penalty period, so it is important to plan ahead to qualify for Medicaid.

Then think about longer-term support. For some, that may mean moving to an area closer to family and friends. For others, outside care—like help with household chores, personal care, meals, doctor visits—maybe necessary at some point. Engage with neighbors to create a support network and step in if needed. Local and state agencies, senior centers, and private organizations like USAging **(www.usaging.org**) can provide information on local resources as well.

The best plans are made before a need arises. If you or someone you love wants to age in place, start the planning process today.

Estate Planning for Young Families

If you have a young family, chances are estate planning isn't on your radar. Your plate is full just raising a family and building a career. But what happens to your children if something happens to you and/or your significant other? Not just an unexpected death; statistically speaking, you or your partner are much more likely to become ill or incapacitated.

Who would raise your children? If you don't have a plan in place, the state will make that decision for you and it may not be the person you would have chosen.

While putting financial safety nets in place, like life insurance, is certainly crucial, getting your legal affairs in order is just as important.

Take incapacity. Powers of attorney allow a person you designate to make decisions on your behalf regarding finances, property, healthcare, etc. If for example, a property is titled solely to you, your spouse or partner may not be able to sell that property if the need is urgent unless they are your designated power of attorney agent. A healthcare power of attorney and HIPAA power allow someone you trust to make healthcare decisions on your behalf and for healthcare providers to share otherwise confidential medical information with that person. Finally, make sure both you and your partner know where to find important documents like Wills, Trusts, insurance policies, and investment accounts.

Lastly in the unexpected and unfortunate death of both parents, deciding who you wish to raise your children needs to be thought through carefully. By putting a designated guardian in place, you ensure that your wishes and not those of a court will be carried out. List your potential candidates, consider the positives and negatives of each (because no one may seem like the perfect option), and then ask the person or people you choose how they feel about possibly taking on that responsibility.

Deciding who will manage your children's inheritance is also crucial. If you don't name an executor or Trustee the court will appoint a professional, the cost of which will be paid from your children's inheritance. Naming an executor and establishing a Trust for the assets you pass on ensures someone you trust can manage and care for your children's financial needs.

Start planning today, and not only will you ensure your children are cared for. You'll also gain the peace of mind from knowing your family is better prepared to face whatever might happen.

Can You Guess this Legacy?

As an accomplished actor he portrayed notable Black figures like civil rights lawyer and later Supreme Court Justice Thurgood Marshall, legendary singer James Brown, and Jackie Robinson, the first Black Major League baseball player.

But it was his most popular role as T'Challa, the sovereign King of Wakanda that gave millions of Black children around the world a hero who looked like them. The character of Black Panther was more than an action hero: He was intelligent, kind, generous, and empathetic. So were the people around him. Relating to onscreen characters not only helps people be seen and understood. It also helps others see, understand, and value people who are in some way different.

His activism took place off the screen as well. The notable actor spent much of his time visiting young fans in the hospital, and was known to make generous donations to a number of cancer charities. The late Chadwick Boseman crafted an acting career that gave people of every color the opportunity to see, admire, and celebrate a Black hero.

What will your legacy be?

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AMBLER | KEENAN | MITCHELL | JOHNSON is dedicated to providing cost effective service to our clients as they accumulate, preserve, and transfer wealth. We believe that an estate plan will be most effective when it is crafted by a team comprised of the client's most trusted advisors.

To check our current schedule of free estate planning seminars, schedule a review of your existing estate plan, or to arrange for an initial consultation, please contact AMBLER | KEENAN | MITCHELL | JOHNSON at (303) 407-1542 or at **www.Ambler-Keenan.com**.

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