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2007 Review of Estate Planning Systems

Making Good Assumptions Makes A Good Plan

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We all know the old adage about making assumptions. But it doesn't always ring true. As an accountant helping plan your clients' future tax liabilities, especially the establishment and eventual distribution of their estate, making as many assumptions as possible (and as correctly as possible) can help preserve the personal wealth they have built up throughout their lifetime and ensure distribution of it as they desire with the least amount of tax burden.

Of course there's also that other adage: "Nothing's certain except death and taxes." Sure, we all eventually depreciate to zero, but the tax part doesn't always have to be a certainty, especially when a person has properly prepared for the inevitable. That's where financial planning, with an eye generally on the eventual dissolution of an estate and distribution of assets comes into the picture as a key role for public accountants and estate tax attorneys. This is as opposed to growth-based financial planning like what CFPs and brokers offer, which may look at long-term goals and tax reduction, but rarely looks to the final finish line. Both processes, however, deal with many of the same interim factors, including charitable gifts, educational goals for children and grandchildren, insurance, retirement income, planning for business succession, long-term medical issues, the loss of a spouse and other factors, most of which come with a mountain of bureaucratic red tape. Since the primary method of reducing estate taxes is through gifts and the establishment of various types of trusts, the gift tax laws are very closely related to estate planning, too.

Unfortunately, far too many people die either intestate or with poorly developed plans as to how they can minimize various taxes on their estate and beneficiaries, not only after their death, but also while they are still able to enjoy their wealth. One reason for this is that estate and gift tax planning can be a daunting task even for a professional, much more so for the untrained. Not only do the processes require understanding state and federal tax laws and the treatments that can legally reduce or eliminate taxes, but the planner must also have experience working with the various government entities.

Executive Summary

- The federal estate tax is still alive at \$2M exempt, rising to \$3.5M in 2009.
- Estate planning software aids in the process of establishing trusts, gifting, asset allocation and other strategies to minimize taxes.
- Key strategies include individual and charitable gifting, insurance and generation-skipping transfers.
- Other concerns: retirement income, planning for business succession, long-term medical issues, the loss of a spouse, educational goals for children and grandchildren.

As the most trusted financial advisor to your clients, you are the one who needs to instigate the financial and estate planning process since most people are reticent to bring it up. One of the best points to stress with hesitant clients is that estate planning can help them now by reducing current tax burdens, as well as help their beneficiaries in the future, depending upon their plan. Of course, the plan each client needs will likely be as different as they are, which is where a strong estate or financial planning program becomes integral to your practice.

The systems reviewed here provide varying approaches to estate, gift and financial planning, but all offer scenario building options that allow the professional user to insert hypothetical variables to weigh the influence of such variables on tax liabilities. Some even offer templates for building various trusts, family partnerships and other entities designed to help find the zero federal tax solution. And the best programs offer client-ready materials such as charts and graphs, even PowerPoint presentations, which can be presented to clients to help them actually “see” the difference that a plan can make. □

[BNA Software — BNA Estate & Gift Tax Planner](#)

In addition to fixed asset management, income tax planning, corporate tax planning, and sales and use tax software, BNA Software offers various estate and gift tax compliance and planning programs, including the BNA Estate & Gift Tax Planner.

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[Brentmark Software — Estate Planning Tools & The Kugler Estate Analyzer](#)

Brentmark Software offers a variety of financial planning programs, including its Estate Planning Tools and the Kugler Estate Analyzer, which can be used together to provide a comprehensive system for valuation of estates and in determining the most effective use of gifts, trusts and other tax minimization techniques.

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[CCH, a Wolters Kluwer business — ViewPlan Advanced](#)

CCH offers one of the broadest collections of accounting, tax and engagement programs for accountants, most notably the ProSystem fx line, as well as ViewPlan and ViewPlan Advanced, which provide powerful estate planning capabilities with advanced scenario building and client presentation functions.

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[EISI — NaviPlan Extended](#)

NaviPlan Extended is EISI's comprehensive financial, small business, retirement and estate planning software, providing a powerful system that supports all planning models and wealth transfer techniques. It also supports net worth and cash flow management, goal planning and education planning, and support for an unlimited number of plans per client.

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