



ASPEN FAMILY BUSINESS GROUP, LLC

DEEP RELATIONSHIPS. ENDURING LEGACIES.

A Perfect Storm

by Joe Paul

We are writing to tell you that a perfect storm is brewing. Those at the helm who know how to steer will have a far better chance of capitalizing on the unusual condition we are approaching. We hope the two articles in this newsletter will give you some sense of direction that will help you lead your family to a safe harbor.

This perfect storm is about economic and political forces that are coming to bear in estate planning. The main forces are;

1. The growing federal debt crisis.
2. The aging of “the Boomers”, creating the largest intergenerational transfer of wealth in history.
3. The expiration of the Bush Tax cuts on December 31, 2012.

The net effect for many families of means will be losing the ability to pass on up to \$10,000,000 to the next generation, tax free.

This begs the question, “Why will so many families fail to get their assets through this rapidly closing window of opportunity?” Some of the reasons are psychological and relational. A few of these are:

1. Procrastination – *“I have heard enough to know that something big is supposed to happen regarding estate taxes. My best intentions have been to give my financial advisor a call to see if it even applies to me, but with a business to run, time goes by quickly”.*
2. Suspicions about advisor – *“It seems like some of my advisors always have a plan to sell me on. I just feel like I may end up buying something I don’t really need.”*
3. Children not ready – *“I am concerned about giving my kids too many assets too soon.”*

4. I'm not ready - *I am not ready to give up control.*
5. Conflicting advice - *I am confused about whether this is something I need to do, my advisors sometimes don't agree.*
6. Creating incompatible business partners - *I don't think my kids get along well enough to be effective business partners and this would force them to be partners at the expense of my company.*
7. Family issues- *"Passing out large sums of money to my family could cause some big problems for us. I would rather let a sleeping dog lie for now."*

Successful helmsmen can use the wind and currents to get where they want to go. Your advisors should be able to help you execute a smooth passage and allay your concerns if you are clear about what you want to accomplish. There are even solutions to the psychological and relational challenges. However you need to put your advisors to work soon. Every estate planning professional I have spoken with is anticipating a flood of requests for assistance in getting to safe harbor. They are worried about having the time to take care of everyone that will be asking for help. I am told that if you aren't safely "ashore" by mid November you will be too late.