

FINANCE MATTER

By Jim Merritt

Here, three experts touch on the most common financial concerns of their 50-plus clients:

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Neil D. Katz, Managing Attorney, Katz, Smith & Chwat, Melville.

Estate Planning: "Clients ask whether they still need to do estate planning now that the federal estate tax exemption was increased to more than \$11 million per person by the Tax Cuts and Jobs Act. My advice is that transfer tax planning is only one component of estate planning. Planning for the proper distribution of assets among family members, protecting assets from creditors and providing for the care and support of the clients as they age all should be addressed in a comprehensive plan. In addition, in today's tax environment, while transfer tax issues are often not required to be addressed, estate planning can and should focus on income tax issues that will affect the client and their family. Lastly, the New York State estate tax exemption is not as generous as the federal exemption (presently \$5.25 million per person) and many clients do still need to plan for the New York State estate tax."

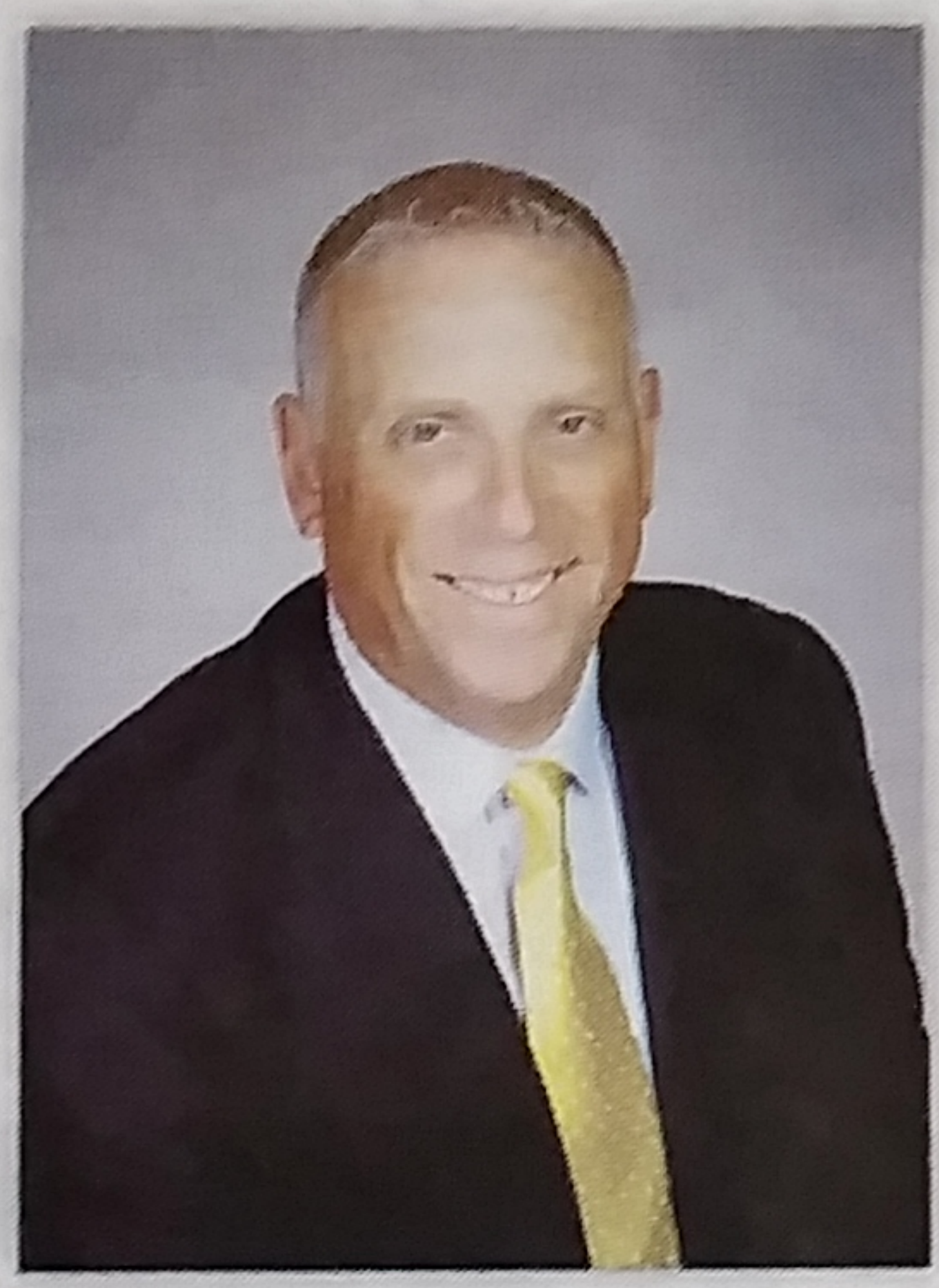


Photo courtesy of Neil D. Katz

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Anthony F. Russo, Managing Partner, Anthony F. Russo & Associates, East Meadow.

Irrevocable Trust: With saving for retirement challenging enough, each day we meet with clients seeking to avoid spending their savings on their own long-term care costs. In many cases, the answer is a properly drafted irrevocable trust set up by an attorney who specializes in elder care and estate planning. When a client transfers property to an irrevocable trust, that

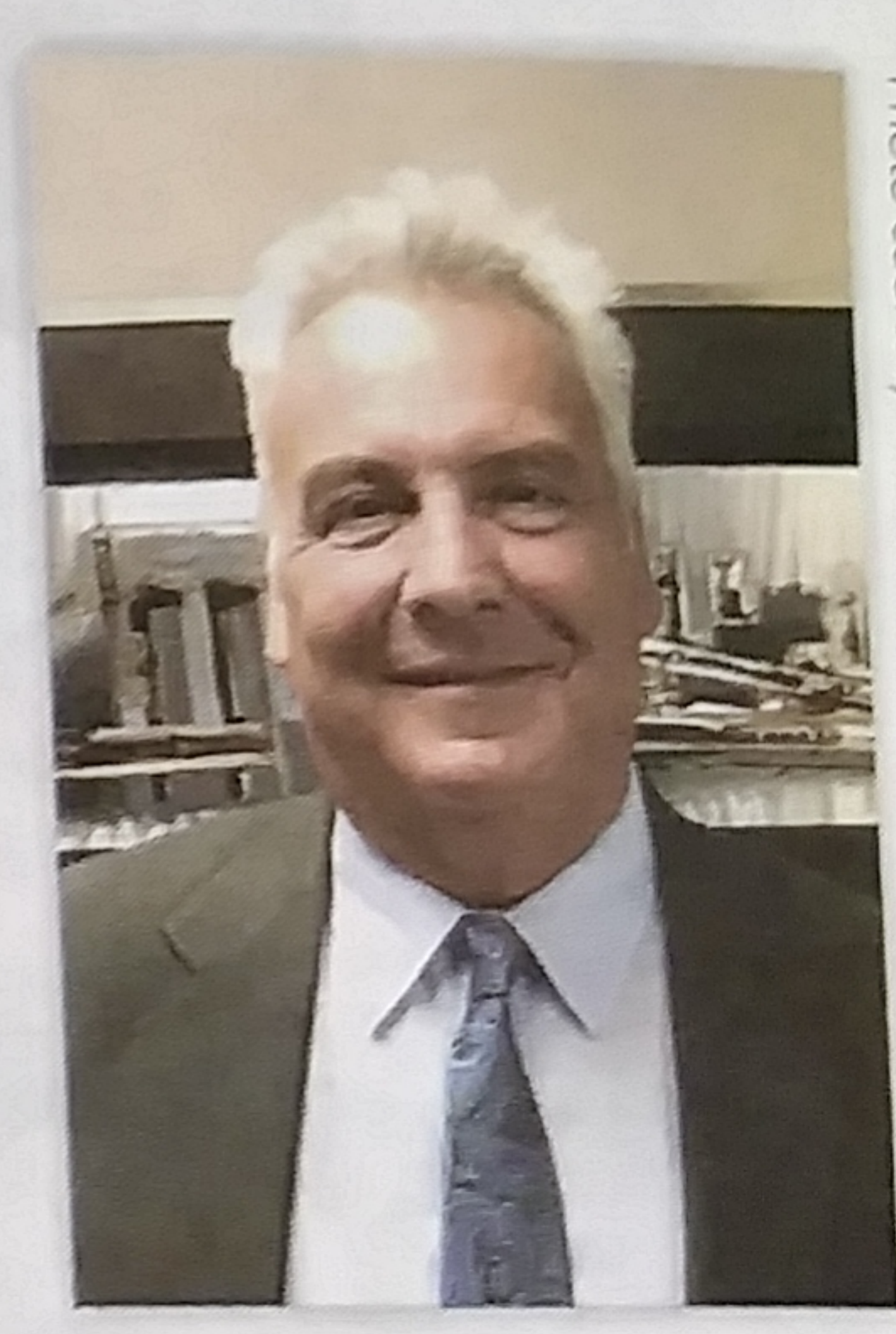


Photo courtesy of Anthony F. Russo

property is not considered by the government if the client later seeks Medicaid benefits to cover the costs of long-term care. The irrevocable trust also prevents the government from asserting claims and liens against the property after Medicaid benefits are granted. Given the strict and complicated Medicaid rules regarding the transfer of property, the best time to protect what you've worked so hard for is well before any type of care is needed.

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Elizabeth M. Smith, Financial Advisor, Morgan Stanley Global Wealth Management, Melville.

Calculating Retirement Funds: Most 50 plus clients are concerned with when and if they will be able to retire. They worry about not having enough money to cover a retirement that could potentially last 30-40 years. My recommendation is to run a financial plan that is essentially a cash flow analysis. By understanding current and future income and savings, coupled with identifying living expenses, clients can determine what adjustments may need to be made to fund their desired retirement lifestyle. These typically include adjustments to spending, rates of return on investments, and/or possibly working longer than they may have originally anticipated while also trying to mitigate risk, taxes and the effects of inflation. I always stress it's never too late or too soon to start planning.*



Photo courtesy of Morgan Stanley

*Elizabeth M. Smith, CRPC, is a Financial Advisor with Morgan Stanley Global Wealth Management in Melville. The information contained in this article is not a solicitation to purchase or sell investments. Any information presented is general in nature and not intended to provide individually tailored investment advice. The strategies and/or investments referenced may not be suitable for investors as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Morgan Stanley and its Financial Advisors do not provide tax or legal advice. Individuals should seek advice based on their particular circumstances from an independent tax advisor. Morgan Stanley Smith Barney, LLC, member SIPC.

