

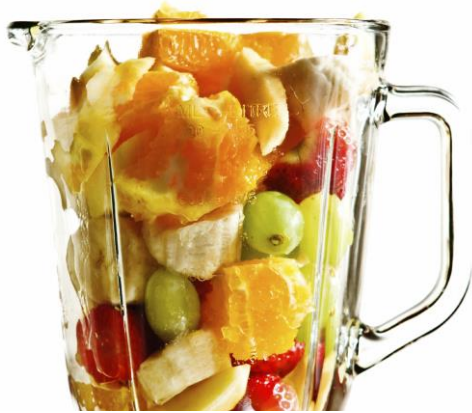
One Big Family-Your Children, My Children and Our Children-

Estate Planning When Illness or
Disability Strikes the Blended
Family

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Planning Objective

- Respect wishes of each spouse
- Understand the natural feelings of the children







Fork in the Road Trust

- If Settlor predeceases spouse
 - Trust pours back to probate estate
 - testamentary trust to cover elective share issues
- If spouse dies first, trust acts as traditional living trust



Estate Planning Options

- Leave as is-
 - Jane to her children,
 - Paul to his
 - Jane dies first
 - Paul's child with DPOA makes elective share to pay for Paul's care
- Worse if estate plan reciprocal

Options Using Elective Share Planning

- Jane amends to "Fork in the Road" Trust
- If Paul predeceases, same as usual
- If Paul survives, pour-back to testamentary trust
 - Elective Share Trust
 - Income and discretionary principal
 - Fund at 125% of elective share
 - QSNT
 - Total trustee discretion
 - Fund at 100% of elective share

Choosing the Trustee

- QSNT- Majority must be Paul's offspring or unrelated to either spouse
- EST- Anyone qualified to be a Florida Trustee



Asset Protection Planning

- Paul transfers assets to Jane's trust
- If Paul needs nursing care, Jane goes into app mode and uses either
 - Spousal refusal or
 - Annuity
- Paul qualifies for Medicaid

Jane's Estate Plan

- Jane does Fork in the Road
- Leaves Paul's elective share to EST/QSNT

Jane Dies First

- Elective share pecuniary amount pours back from Jane's trust to testamentary QSNT
 - Discretionary principal and income for Paul's needs
 - Remaining QSNT assets to Paul's kids on his death
- Balance to Jane's kids

Paul Dies First

- At Jane's death her trust distributes
 - 70% Jane's kids
 - 30% Paul's

QSNT or Elective Share Trust?

- Is there an “ill or disabled spouse?”
- Who is best choice for trustee?
- What will survivor’s health be like when caregiver spouse dies?

Conclusion

- Planning for blended families has plenty of challenges but offers plenty of planning opportunities when chronic illness strikes
