

Section Four:

MEETING WITH PROFESSIONAL ADVISERS



Section Four: Meeting with Professional Advisers

ABOUT YOUR TEAM OF PROFESSIONAL ADVISERS

Putting together a team of professionals to assist you is a necessary part of the farm transfer process. Though your family will accomplish a lot of work on your own, ultimately you will need professionals to advise you on financial matters and legal issues related to the future you want, not to mention drafting documents to get you there. If you consider what is at stake - family harmony, protecting family wealth from unnecessary taxes, protecting the productivity of farm assets, continuing the flow of uninterrupted income to a farm enterprise – the time and money you spend on coordinating the process of farm transfer planning, including the time to carefully select and monitor your professional advisers and their fees, will have a high rate of return.

Members of your team will include attorney(s), a financial planner, and accountant; and could also require the services of appraisers, insurance agents, cooperative extension agents, and agents of financial institutions, including present and future creditors. The realities of putting together a competent “team” of professionals - one that effectively compliments each other’s expertise and applies that expertise in a coordinated fashion to your particular circumstances – can be daunting. A primary challenge is determining who will coordinate the communication between professionals in a manner that you remain in the loop, and how to handle differences of opinion among your advisers on your particular situation and strategy.

Sometimes, a member of your family may volunteer for the task of coordinating the many assessments and information gathered as outlined in this workbook. This person may spend many hours reading up on subjects related to farm transfer planning, estate planning, arcane tax issues, as well as many hours on the phone with advisers, gathering information from family members, coordinating family meetings. There are other professionals that can serve in this purpose as well, either as a consultant, or as one of the members of your “team.” Always remember that, unless you and the family have agreed otherwise, the

relationship between you and your attorney is one of confidentiality, and much information and likely decisions will need to be kept from other family members.

Most farmers and rural landowners live in rural communities where personal relationships influence decisions. In such a community, one professional you customarily work with, perhaps a lender or insurance agent, refers you to other professionals and so on. In many cases, professionals will refer you to someone they have worked with before on other matters, and already have established mutual trust and lines of communication. Indeed, it makes little sense for one professional to refer you to someone in whom they have little confidence, as that will reflect directly on their professional credibility.

The time and money you spend on coordinating the process of farm transfer planning will have a very high rate of return.

It cannot be avoided that the advice of some professionals will be tied to their effort to sell a certain product, such as insurance or financial investments. There is nothing inherently wrong with this. Someone with the proper licensing – to protect you as a consumer – has to do it. An attorney cannot take a financial interest – other than compensation for his or her time – in your farm transfer plan in the form of commissions from selling you an insurance policy or investments. Likewise, non-attorneys - such as financial planners, accountants, insurance agents - are breaking state law when giving you legal advice and drafting legal documents. If they offer, you should decline, and you should refrain from requesting them to offer such advice, thinking it will save you money. You should be able to get a satisfactory explanation from each of your professionals on the necessity of each product, not simply that it is what someone else recommended or purchased.

Attorneys

For a number of reasons, it is often practical to have the attorney serve as the central team member, often the point of first contact. One practical reason: Attorneys ethically must accept responsibility for making sure clients fully understand what rights

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and opportunities they are giving up by choosing a particular course of action at the recommendation of a non-lawyer professional member of their team.

Remember that the basic legal issues involved in farm transfer are not specific to you as a landowner or farmer, but generally apply to all members of society. What differs is the landed nature of your wealth, your rural values that may govern your decisions, the unique aspects of farming as a small business owner and your role as caretaker of a land legacy. You should be confident your attorney understands this.

Selecting a good attorney can of course be a challenge. The attorney most farmers and landowners come in contact with will be someone local in their community with whom they have done business before or who has served other members of the family. However, the issues surrounding farm transfer fall into a number of areas of legal practice – estate and gift tax planning, elder law, farm business operation (itself a host of practice areas) – and it is a challenge to find all of these in one practitioner. This is not to impugn local general practitioners, but sometimes their range of services to the community (and the extended families therein), precludes expertise in certain critical areas.

A key challenge for the attorney, it must be recognized, is to effectively serve as a counselor to you and your family, not simply act as a plumber who fixes things that go wrong or executes documents at the direction of a non-attorney. You can help them and your family immensely by using the exercises in this workbook. The clearer your articulation of yours and your family's goals for the farm, the better service you will receive (i.e., you will feel as though you have been understood), and it will save you and your attorney time, which translates into money saved.

It is important to remember that most attorneys are paid for the value of their time. Estate planning attorneys, for practical reasons of time and expertise, may require services of a non-lawyer financial planner to assist in incorporating financial products such as annuities, insurance products, securities, and mutual funds into a client's estate plan. Lawyers cannot legally advise you as their client and sell you financial products at the same time. Indeed, the sale of such products, such as insurance and securities, requires separate state and/or federal licensing, which most attorneys do not have. On the other hand, financial planners may be unfamiliar with the legal

rationale for utilizing certain financial products in an estate plan.

Note that a number of non-lawyers do style themselves as “estate planners.” Just remember that while their training may give them a more holistic view of your wealth situation, they are not licensed to draft legal documents. If a non-lawyer estate planner simply directs you to an attorney to draft documents they recommend, be attentive to whether the attorney takes time to explain why in his or her judgement these are necessary (the tip off will be to what extent they explore your unique situation and desires with you).

Attorneys are required to use independent judgment in considering how to serve your needs (i.e., your goals), even when they have been referred to you by a non-attorney professional with whom you are doing business (e.g. a financial planner or insurance agent). Beware of any attorney who simply complies with a recommendation on a course of action without thoroughly explaining it to you. Your attorney should be someone who makes you feel confident in their skills as a counselor, not just someone who prepares documents for you to sign.

In sum, attorneys cannot sell you products such as insurance and investments, and financial planners cannot draft the documents that transfer these assets in the event of an identified occurrence (risk) such as death or divorce or disagreement. Make sure that while both communicate with each other (with your permission), they are independently communicating with you and addressing your needs.

There may be other members of your team, for example:

Life insurance agents can review your insurance coverage and help you organize information for your attorney and tax adviser. The agent will suggest ways to help you avoid liquidity (cash flow) problems upon your death. Of course, life insurance agents are usually compensated through commissions on the policies they sell, so you may need to shop around to ensure that you find the right policy at the right price. Nonetheless, price alone should not be the sole basis for purchasing life insurance; an agent with whom you are comfortable and with whom you work well will be worth the commissions paid.

Accountants or tax advisers are also knowledgeable

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of estate and other taxes. Accountants provide tax advice as do some attorneys. Certified Public Accountants are accountants who are licensed by a state board of accountancy. Accountants or other tax advisers will help you understand the tax consequences of various types of transfers. Accountants or other tax advisers also can advise you about business or property management, valuation of assets, and business continuation or sale. Accountants or other tax advisers are usually compensated on an hourly basis.

Trust officers offer management and investment services. Trust officers may be attached to a bank trust department, or they may be independent. Trust officers are usually compensated based upon an annual percentage of the principal in the trust. In general, the larger the trust, the lower the percentage that you can expect to pay. Most trust officers have a minimum amount of money that they are willing to manage.

Financial planners review your entire financial situation and identify strategies to achieve your financial goals. They work with other professionals to develop your insurance, investment, retirement, and estate plan. Financial planners are compensated either on a fee basis or on a commission basis. The services of commission-based financial planners may be quite valuable to you, but the scope of their advice may be limited by the products that they sell. Fee-based financial planners generally do not sell any products.

Forestry professionals can advise you on an often overlooked asset: your forest stand. The great majority of farms in the Southeast have a forestry component that should be considered an asset and managed as such. It therefore should be critical to have a registered or certified forester. A professional forester can help you a) develop a forest management plan, b) determine the volume and value of your timber, c) conduct timber harvests and sales, properly reforest your land by advising you on how to best establish a new stand of trees, d) reduce your risk of loss from fire, insects, diseases, overstocked stands, and improve tax treatment of income, and e) enhance wildlife habitat and improve hunting success or increase wildlife viewing opportunities.

Mediator

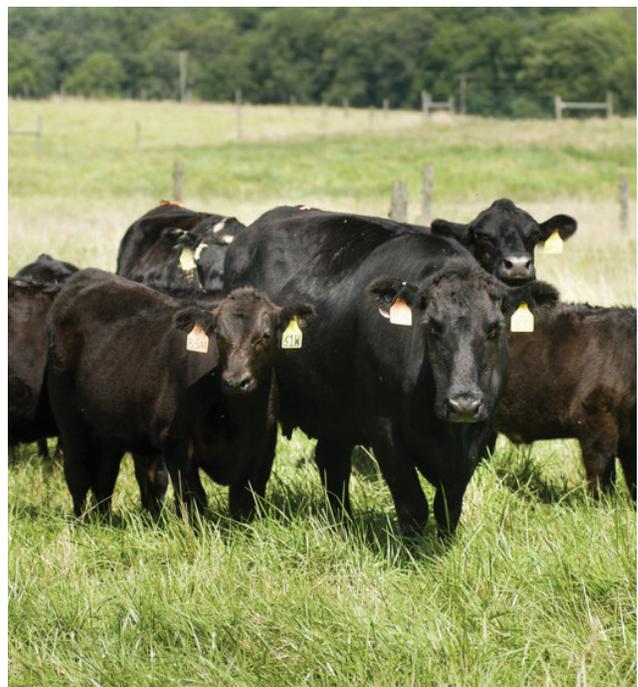
In a number of situations, you may find that

communication is difficult within your family or those with interests in your farm property. A mediator is trained in consensus-building. Unlike the attorney, who ultimately represents one or more parties, a mediator is known as a “third-party neutral,” one who is paid *not* to take sides. They can enforce the rules of communication, help explain positions, and keep the discussions on track. In a large family situation, this could prove helpful.

Conclusion - Finding Services in One Store

For practical reasons, your attorney should be your primary coordinator of your legal and financial decision-making. In some cases, you may find that some of your essential services, particularly tax advice and perhaps accounting, can be housed within your attorney’s firm. There are strict state rules in place to protect you in this arrangement. If there are sensitive matters that must be kept confidential the attorney-client privilege offers that protection.

Ultimately, you may have to travel outside your locality or region to find the right services, particularly legal and tax. Just as you might travel across the state to a farm show to shop for new equipment to enhance your farm income, doing the same to visit an attorney will pay long-term dividends by protecting your wealth, the future of your farm, and the well-being of your family.



GATHERING INFORMATION ABOUT YOUR ESTATE

Editor's note: The following discusses how to save time and money by gathering your important information prior to meeting with professional advisers. Theodore Feitshans of NC State University is the author.

Gathering information for estate planning is critical. Organization is extremely helpful. The following information categories will help you start collecting and organizing the needed estate information that an attorney or a tax adviser needs. The list is very complete; don't let it worry you. Just gather readily available information that can make your initial meeting with your professional adviser(s) more productive. Organize asset, debt, and real estate information into files for your initial professional meeting. Delays in finding and sharing information will waste time and cost you money.

Like the worksheets on the following pages, many attorneys, tax advisers, and financial advisers have their own forms that they will ask you to use when compiling this information prior to your initial meeting. Organizing and gathering information by the following categories can greatly facilitate that process.

Personal Information

List everyone who has a legal right, or may believe that they have a legal right, to any part of your estate, your retirement, or other assets under a divorce settlement, divorce decree, or a premarital agreement. Copies of any divorce settlements or decrees and any premarital agreements from your current or earlier marriages should be included with this information. Make photocopies of your original documents to bring to your first meeting with a professional unless he or she specifically asks for originals.

Make a list of all family members. Include the names of your children— adopted, natural, legitimate, and illegitimate; grandchildren; parents; your spouse; your spouse's parents, and ex-spouses. Provide contact information for everyone on your list, and include their birthdates, addresses, e-mail addresses, telephone, including cell phone numbers, occupations, and social security numbers. Any other relatives and

friends who may play a role in your estate plan as an heir, executor, guardian, agent under a durable power of attorney, or health care agent under a health care power attorney should be included in this list. Though stepchildren may be excluded as beneficiaries in a will, information on them should be included in this list.

If you have illegitimate children or paramours that are unknown to your spouse, you must make your attorney aware of these individuals. This means that you cannot use the same attorney as your spouse to develop your estate plan. If you do so, that attorney must, under legal rules of ethics, reveal the names of those illegitimate children or paramours to your spouse.

Adults who cannot care for themselves represent especially challenging estate planning issues. Your personal information should include information about special needs children who may need help when they become adults. Also include information about parents or siblings who may need special provisions in your estate plan due to degenerative diseases or other conditions.

Bank Accounts

Provide information for all bank and credit union accounts. Include the account number(s), the exact name(s) on each account, and the name and location of the branch at which you do business. You should also provide the name and contact information for any beneficiary named on each account. For joint accounts, describe the form of ownership used to the extent that you know it and include a copy of the signature card or other document under which the account was created.

Stocks, Mutual Funds and Bonds

Include a description of all stocks, mutual funds and bonds, the years purchased, the number of shares or bonds, the exact name of the owner(s), the face value, the cost, and the name and contact information for the brokerage firm, if any, that holds the shares or the bonds on your behalf.

Life Insurance

List the company(ies), contact information for each company, the policy number(s), the type of life insurance (such as term, universal life, whole life),

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the face amount, the cash value (if any), and the exact name(s) of owner(s), the insured(s), and the beneficiary(ies) of each policy.

Trusts

List the type, contact information for the trustee(s), by whom the trust was established and when, the exact name(s) of beneficiary (ies), the value, and the owner. You should also bring copies of supporting documents, including the trust document.

Personal or Business Loans Owed to You

Describe moneys owed to you. Include the debt description, the year acquired, the value, and the person who owes you. Include copies of documents that provide evidence of or secure the debt.

Real Estate

List the type of property and describe it. Include the acreage, its location (the town or rural road, state, and county where it is located), the year acquired, the purchase price and the cost of all improvements, the tax value, and your best estimate of current market value. Also provide the names of all owners in addition to you and their contact information. Bring copies of deeds and any survey maps that you have. Copies of deeds may be obtained from the land records office in the county where the property is located.

Personal Property

List livestock, motor vehicles, farm machinery, crop inventory, home furnishings, jewelry, art, antiques, and personal items. Describe each item's cost and value, and include the names of any co-owners and their contact information. For titled personal property such as automobiles, a copy of the title should be included with the information brought to the initial meeting.

Personal and Business Debts

Compile a list of all money that you owe to others. This list should include complete contact information for each creditor, the amount and terms of the debt, and the security, if any, for the debt. For debt secured by your real property, include a copy of the note and the mortgage or deed of trust, in addition to the name of the creditor, the contact information for the creditor, the due date of the debt (including periodic payments), and the remaining amount due. If your spouse or some other person is also liable for the debt, include that person's name and contact information.

If you have other debt attached to your real property, such as tax liens, judgment debt or workmen's liens, include all information to the extent known.

Information about all other personal liabilities, whether secured or unsecured, should be included. These may be credit card debt, unsecured notes, insurance loans, notes that you cosigned for children, unpaid real estate taxes, unpaid personal property taxes, unpaid state taxes (including income and inheritance taxes), unpaid federal taxes (including income and gift taxes), and unsettled claims (such as for automobile accidents). Include the name of each creditor and contact information, the date due (including periodic payments), and the amount remaining to be paid. Also designate which debts are insured by credit life or other insurance. Include the names of others, such as cosigners, who are also liable for payment of these debts.

Retirement Benefits

List and describe all pensions, profit sharing, deferred compensation, death benefits and social security benefits. Provide full contact information for each account, the amount, and the terms for each account. A copy of the description provided to you by both the provider of each account or your employer should be included in the package of information for your initial professional meeting. Also include the level of annual benefits, names of beneficiaries, and the age of eligibility or years of service needed. Many providers of pensions and related benefits, and some employer personnel offices, will provide a comprehensive analysis of benefits for you upon request.

Other Financial Information

Before meeting with your financial or legal advisor, summarize your income for previous year(s), your current income, including salary, retirement income, annuities, rents, interest, bonuses, dividends, trusts, and capital gains. Bring copies of income tax returns for at least the last three years to the first meeting with a lawyer or other professional.

Safe Keeping; Safety Deposit Boxes, Safes and Fireproof File Cabinets

List and describe the locations where you keep your important papers. Include the exact location of your will (and your spouse's will, if married), deeds, insurance policies, certificates for stocks and bonds, financial statements, income tax returns for last five years, gift tax returns, contracts, partnership, LLC and corporation documents, profit sharing plans, pre- and post-nuptial agreements, employment contract(s), and evidence of pension benefits.

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Worksheet 4.1

LOCATE IMPORTANT DOCUMENTS

Use this worksheet for help locate the documents you will need in meeting with professional advisers. It is important to gather certain documents to assess your current financial situation, but also to determine ownership and obligations related to your real and personal property. Doing this exercise prior to meeting with professionals will save time, money, and will help them better serve your needs.

DOCUMENT	WHERE IS IT?
Birth Certificates (all family members)	_____
Marriage Certificates	_____
Divorce decrees/separation	_____
Medical Records	_____
Healthcare Power of Attorney and Living Will	_____
Durable Power of Attorney	_____
Bequest list of tangible personal property	_____
Wills and Trust documents	_____
Cemetery deeds/burial instructions	_____
List of special bequests (to heirs, charity, etc.)	_____
Insurance policies	_____
Stocks, mutual fund and bond certificates	_____
Real estate deeds	_____
Promissory notes, contracts, mortgages, receivables	_____
Partnership/corporation documents	_____
Checking/savings account statements	_____
Pension statements	_____
Income/gift tax returns	_____
Farm and other business financial statements	_____
Property tax statements	_____
Farm conservation contracts (NRCS, etc.)	_____
Forestry Management Plan	_____

Worksheet 4.2**WILLS AND TRUSTS BASICS**

Regardless of the size of your estate, all wills and trusts require basic decisions about who will administer the estate or trust property, whom property will go to, how it will be divided, etc. Use this worksheet to help made some decisions on key elements of your will and trust documents. Factors to consider are noted with each question.

Executor of the estate: If all or parts of your estate passes through probate, whom do you want to handle the details of paying your debts and death taxes, and distributing the remaining assets to the beneficiaries named in your will? A spouse is appropriate as well as adult children, close friend, accountant, lawyer, or a bank's trust department. The individual is generally paid. Successors (1 or 2) should be named in case the first predeceases you or is incapacitated or is otherwise unable or unwilling to serve.

Name/Address: _____

Successor(s): _____

Trustee: If you are advised to make use of a trust, whether in your will or in a separate living or insurance trust, you will need to name a trustee to manage investments, pay taxes, make distributions, and so forth. In the event he or she cannot serve, you will want to provide for one or more successor trustees. Many who establish a living trust will become the trustee, with a trusted family member or institution taking over upon death or incapacity.

Name/Address: _____

Successor(s): _____

Do you want a corporate or individual fiduciary as executor or trustee? Executors and trustees are referred to as fiduciaries because of the high standard of care required of them to manage the assets of another person.

Guardians for minor children: For younger parents using this workbook, it is important to accept the possibility that you could, through accident or illness, predecease your children. You may suggest a guardian for your children in the body of your will. A thorough discussion of who might best serve as the guardian of your children in that event should take place before drafting or updating your wills. It is important to identify secondary and tertiary guardians in the event your first choices are unable through changed circumstances to serve or otherwise care for your children. You do not want a judge to decide whom your children will live with.

Factors to consider would include: age of proposed guardians and ages of their children; ages of your children and the number of them who are still minors; and health and financial situations of all parties. If you name a couple as guardians and one of them dies, would you want the surviving co-guardian to act as sole guardian? What if they divorce? Is a brother, sister, grandparent or a close friend the better choice? Be sure to discuss the matter with your intended choices to make sure they are willing — or otherwise feel confident they are able — to serve as guardians for your children. Remember that your will is merely a suggestion to the court, but in all likelihood the suggestion of guardian will ensure your children are cared for according to your wishes.

Guardians for minor children: Who do you think is best able to cope with the raising of your minor children?

Name/Address: _____

Successor(s): _____

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Distribution of assets to spouse: Should all assets be distributed outright to the spouse? Should assets be held in trust for management purposes or incapacity of spouse? Your attorney may advise the use of a testamentary trust to protect your estate tax exemption while providing care for your spouse for her lifetime.

Distribution of assets to children: If you do not want your assets distributed outright to your children in the event of your demise, assets should probably be held in a trust. A “testamentary trust” can be created in your will as contingency provisions for underage children. Or, you can use a living trust with contingency provisions. The trustee will take care of minor children’s needs as instructed in the trust. At some future time you will probably want to distribute the assets to the children. At what age? What about a child with disabilities? What about grandchildren?

Many people like to distribute a portion of the estate at several different times during their children’s lives. (For instance, distribute at age 21, at age 25, and at age 30; or ½ at age 30 and ½ at age 35, etc.)

Your preference: ____ % at age ____ ; % ____ at age ____ ; % ____ at age ____.

Key Questions:

1. Do you want the estate to pass in equal shares to children?
2. Do you want some to have more because others have had more in the past or to provide adequate opportunities to keep the business in the family?

Final heirs: In the event your children predecease you before inheriting your estate, to whom would you want your estate to pass? For example, ½ to the husband’s side of the family (e.g., parents, brothers, sisters, etc.) and ½ to the wife’s side? What if one child predeceases you? Should that child’s share go to a spouse or to grandchildren?

Charitable bequests: Would you be interested in making any charitable bequests? Such bequests may reduce your income and estate taxes.

Who are they? _____

Percent of estate? Outright gift? Restrictions?

Individual bequests: Are there special heirlooms or gifts of family treasures that you want specific individuals to have? (Attach sheets as necessary)

Item To Whom:

Name	Item	Reason

Adapted from Estate Planning for Farmers and Ranchers, University of California, Division of Agriculture and Natural Resources, Pub. 21515, and modified by L. Leon Geyer, Virginia Tech.

Worksheet 4.3

GATHERING INFORMATION ABOUT YOUR ESTATE

Use this worksheet to take stock of your personal wealth, your family situation, and your current plans and ideas, so that your professional advisors will have a good starting point from which to guide you through the farm transfer planning process.

I. PERSONAL INFORMATION

Date: _____

Your Full Name: _____

Birth Date: _____

Spouse's Full Name: _____

Birth Date: _____

Date, County, and State of your marriage: _____

Home address: _____

Home telephone: _____ Email address: _____

Business Name(s) and Address(es): _____

Husband: _____

Wife: _____

Business telephone: Husband _____ Wife _____

II. PROFESSIONAL ADVISERS:

Attorney: _____

Address: _____

Telephone: _____ Email address: _____

Insurance Agent: _____

Address: _____

Telephone: _____ Email address: _____

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Financial Advisor: _____

Address: _____

Telephone: _____ Email address: _____

Accountant: _____

Address: _____

Telephone: _____ Email address: _____

Lender: _____

Address: _____

Telephone: _____ Email address: _____

Other Advisors: _____

III. ALL CHILDREN: (if any children are adopted or from a previous marriage, please indicate)

Name	Spouse	Date of Birth	Resides (City, State)

III.B. GRANDCHILDREN:

Name	Parent	Date of Birth	Resides (City, State)

IV. GENERAL FAMILY INFORMATION:

Does any child or grandchild have a health problem or handicap? Yes No

If yes, please explain:

Are there any persons dependent on you? Yes No

Monthly obligation: Alimony or child support \$ and years to be paid:

V. CURRENT ESTATE PLANS:

Does Husband have a will/trust at the present time? Yes No

Location of original(s):

Does Wife have a will/trust at the present time? Yes No

Location of original(s):

Do you have a marital property agreement? Yes No

VI. REAL ESTATE (Personal residences, farm properties, rental properties)

Location	Ownership*	Basis**	Estimated Value	Mortgage Balance

VI.1 TIMBER REAL ESTATE (Timberland, merchantable timber, pre-merchantable timber)

Location	Ownership*	Basis**	Estimated Value	Mortgage Balance

*List the name(s) that appear as grantees on the deed for each property to the best of your knowledge. If you are certain the deed contains language such as “jointly” or “with right of survivorship,” please indicate.

**Basis is the value of the property at the point you came into its ownership, less any depreciation taken, and is determined by the manner in which you acquired it. As a general matter, if you inherited it, your basis is the value placed on it during the estate settlement. If you purchased it, the purchase price is your basis. If the property was gifted to you, generally your basis is the same as the previous owner’s. Basis is used to determine any capital gains you or your heirs may be exposed to by sale of the property.

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VII. BANK ACCOUNTS AND CERTIFICATES OF DEPOSIT:

Institution Name	Type of Account	Ownership	Approximate Balance

VIII. STOCKS AND MUTUAL FUNDS:

Company/Fund	Number of Shares	Ownership	Cost (Basis)	Market Value

IX. BONDS (Taxable and Exempt), TREASURY INSTRUMENTS, NOTES RECEIVABLE:

Description	Due Date	Face Value	Market Value	Ownership

X. LIFE INSURANCE

Furnish the requested information for all policies on members of your family, including husband, wife and children. Be sure to include group insurance a member of your family may have through an off-farm job. Use additional sheets if necessary. Your insurance agent may be able to provide you with printouts of the information requested below.

	Policy 1	Policy 2	Policy 3
Insurance Co.			
Policy #			
Insured			
Owner			
Type Insurance			
Face Value			
Cash Surrender Value			
Loans			
Primary Beneficiary			
Contngent Beneficiary			

XI. RETIREMENT PLANS

If either spouse is entitled to any benefits under a deferred compensation, retirement or profit sharing plan, please provide the following information.

	Plan 1	Plan 2	Plan 3
Participant			
Plan Name			
Plan Nature			
Expected Payment			
Death Benefit			
Contributions...			
...Made by			
Designated Beneficiary			
Life Insurance in Plan?			

If either spouse has established an IRA account, please furnish the following information:

Contributor			
Investment			
Approximate Value			
Designated Beneficiary			

XII. INTEREST IN TRUSTS OR ESTATES:

Does any member of your family have any relationship to an existing trust as donor, trustee or beneficiary? Yes No

Has any member of your family in the past received an inheritance from an estate? Yes No

If yes, please explain:

Does any member of your family have any interest (e.g. as a beneficiary) in a pending estate? Yes No

If yes, please explain:

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XIII. PERSONAL EFFECTS:

Please list all items having significant market value, such as jewelry, art, antiques, rare musical instruments, autos, boats, collections, farm equipment, etc. Please Note: Normal household furnishings need not be listed.

Description	Ownership	Estimated Value

XIV. CLOSELY HELD BUSINESS INTERESTS:

Company Name	Organization Type (Corp., LLC)	Ownership Interest (as a %)	Estimated Value

XV. LIABILITIES (other than real estate mortgage):

Creditor	Amount Due	Date Payable	Collateral Description

Notes

GLOSSARY

1031 Exchange: Also known as a “Like-Kind Exchange.” A structured exchange, enabled by the Federal Internal Revenue Code, whereby taxes on capital gains realized from the sale of property can be deferred when sale proceeds are used to purchase property of like kind.

Accountant: One who is skilled in the practice of accounting; a professional with skills in accounting, auditing, financial management and/or tax law.

Acre: A measure of land equaling 160 square rods, or 4840 square yards, or 43,560 square feet.

Administrator: A person appointed by the court to manage and settle the estate of a deceased person who died intestate (without a will). Also known as a *personal representative*.

Ad valorem: Literally, “according to value”, the designation of an assessment of taxes against property.

Agricultural Conservation Easement: Generally describes a voluntary agreement which restricts land to agricultural uses.

Agriculture: The science, art, or practice of cultivating the soil, producing crops, and raising livestock and in varying degrees the preparation and marketing of the resulting products; farming; the use of land for growing crops, livestock or timber.

Alimony: An allowance to a spouse for support given by another spouse due to a separation or divorce.

Annexation: The process by which land outside of any incorporated municipality is taken into the legal boundaries of a municipality.

Appraisal: An estimate or opinion of quantity, quality, or value. A documented opinion as to a property’s value, marketability, usefulness, or suitability for a purpose.

Appreciation: The increase in the value of property due to economic or related causes that may be temporary or permanent.

Appurtenance: A feature of a parcel of land, such as a right, privilege, improvement or fixture that passes with the land. For example, an easement is an appurtenance.

Arbitration: A process intended to settle disputed questions of law or fact, by one or more arbitrators by whose decisions the parties agree to be bound. An “arbitration clause” can be found in contracts between parties.

Assessment: A charge against real estate made by a unit of government to cover the proportionate cost of an improvement, such as a water line or sewer.

Assignment: the transfer of one’s rights under a contract to another person.

Assignment of Lease: A transfer by a lessee (tenant) of all interest under a lease for the balance of the term of the lease. May be restricted by the terms of a lease.

Attorney: A person licensed to practice law in a particular state.

Attorney in Fact: one who is authorized to perform certain legal acts for another under a power of attorney. See *Power of Attorney*.

Bargain Sale: The sale of property to a charitable organization for less than its fair market value. This approach gives the landowner the opportunity to exchange the value not received in cash for a reduction in state and federal income taxes.

Basis: the price paid for property or the fair market value of property when inherited, less accumulated depreciation, used to calculate capital gains on income from the sale of the property.

Beneficiary: One for whose benefit a trust is created, for whose benefit property or funds are placed in trust or the recipient of funds from an insurance fund or annuity contract.

Boiler Plate: Language considered standard to contracts and other written agreements. Paragraphs of boiler-plate can appear identical in any number of contracts.