

# COHEN & BURNETT, PC AND LEGACY ANALYTICS, LLC

## Meet Our Staffs

### Founding Partner

I. Mark Cohen,  
JD, LL.M., & CFP™  
*Noted Expert in Estate and  
Business Planning,  
Masters in Tax Law, and  
Certified Financial Planner*

### Managing Partner

Weston D. Burnett,  
JD, LL.M., JAG  
*Expert in Estate Planning,  
Masters in International &  
Comparative Law. Investment  
Advisor Representative.  
Admitted in VA, DC, MD.*

### Financial Advisor

Patricia A Guter, CFP™  
*Certified Financial Planner  
Specializes in Money Manage-  
ment, Insurance, & Annuities*

### Financial Analysts

D. Allen Cohen, PHD  
Kenneth D. Cliffer, PHD  
*Investment Advisor  
Representatives. Specializes  
in comprehensive financial  
planning and analysis.*

### Paralegal

Linda Reyman

### Accounting

Diane Tobin

### Director of Client Services

Joan M. Solgere

### Director of Operations

Jeanne Loving

### Receptionist/

Paralegal Assistant

Chelsea Aebi

## SINGLE POINT SERVICE

As our law firm and financial planning service have continued to progress, we have decided to combine the delivery of those services to a greater degree by borrowing from the financial planning industry standards and expanding on it. The financial planning industry has moved in recent years to fee-based management and away from commission-based practices. Clients prefer this as they see the financial planners advice more objectively focused on the clients goals and less on sales of commission products. Our goal is to move to fee-based management for all of our clients who desire to do so.

Moreover, we are offering certain services for clients with over \$1,000,000 under management for no additional charge, specifically periodic reviews and revisions, if necessary, to their estate planning documents that were previously prepared by the law firm and, in appropriate cases, preparation of their income tax returns. This differs from the typical financial planner who refers you to CPA's and lawyers for income-tax-preparation and estate-tax planning. We can take care of you in house.

So what do you do if you are interested in finding out more about our

expanded fee-based financial planning services? You should start by calling and making an appointment to see Mark Cohen, Pat Guter, or Wes Burnett to discuss this new service. There is no charge for the initial consult. If you decide to proceed, we need to first establish what your financial and retirement goals are and where you are in the process of reaching those goals. Second, after establishing the scope of your plan and the fee to be charged, we will prepare the comprehensive, written plan. The cost of the plan ranges from \$2,500 to \$6,500, depending on the complexity of the case and is set before you agree to proceed. Third, we implement your plan as approved and directed by you. Fourth, periodically thereafter, we revisit the plan in meetings with you to see how effectively we are meeting your goals. Fifth, as part of the overall engagement, if the assets are over \$1,000,000, we prepare your annual income-tax returns and review your estate planning documents periodically to ensure their currency. If your assets are less than that figure, we can still review your estate planning documents with you and complete your income tax returns, but there will be a separate fee to do that service.

Cohen & Burnett, PC and Legacy Analytics, LLC

7601 Lewinsville Road, Suite 460, McLean, VA 22102

Cohen & Burnett, PC (703) 847-8900 Legacy Analytics (703) 847-0965

Fax (703) 847-8902

[www.cohenburnett.com](http://www.cohenburnett.com)

From "Heir Today"  
Wall Street Journal,  
Nov. 28, 2001, page R8

“Don't thank Congress yet. Sure it repealed the estate tax effective 2010. But when it gets down to the nitty gritty of estate planning, they'll probably find the new tax law a new—and potentially costly—headache.

Clearly, the new law creates a moving target, changing the estate-tax rules every year or two until the law itself disappears in 2011. What's more, with two presidential and four congressional elections before the scheduled estate-tax repeal in 2010, many of the rules are likely to change before they ever take effect. That means people cannot rely on the law even as it is written today.

Of course given this uncertainty the tendency is to simply wait for the legislative dust to settle before making changes to your estate plan. Reviewing your estate plan is important so that you have a base line reference before the picture shifts again. Our advice is focus on the short-term 2-5 year horizon in your planning and keep the plan flexible.”

### Great Quotes

*“A verbal contract is not worth the paper it's written on.”*

*-Samuel Goldwyn*

## RECENT CHANGES TO VIRGINIA LAW ON WILLS, TRUSTS AND ESTATES

The 2001 session of the Virginia General Assembly enacted a lengthy list of provisions that affected wills, trusts and estates. Most of the changes were to the probate process, which our firm's estate planning documents are generally designed to avoid. Highlights of the Virginia changes follow:

1. New requirement levied for personal representatives of a decedent's estate to mail copies of inventories and accounts to “entitled parties.”
2. For a testamentary trustee, a waiver of accounts provision in the will also waives the inventory.
3. A clarifying amendment so that the phrase “with right of survivorship or equivalent language” is required if an asset held jointly, or as joint tenants or in a joint tenancy, is to pass to the survivor alone, when one of the owners dies.
4. If all distributees of an intestate estate or residuary beneficiaries under a will are also personal representatives, several changes were made to clarify their right to file a statement in lieu of account within prescribed periods of time in the clerk's office.
5. The existing ceiling of \$1,000,000 on a spendthrift trust was removed and a provision was added that a spendthrift trust may not operate to the prejudice of a judgment against the beneficiary for the support of the beneficiary's child.
6. The numerical ceiling of \$10,000 on transfers of specific kinds of property from the dead to the living without going through the probate process was increased to \$15,000 for: certain sums due decedents from the government, labor unions and employers; corporate securities owned by the decedent; sums due deceased trust or estate beneficiaries; and personal property belonging to nonresident decedents.
7. Similarly, the Virginia Small Estate Act was increased from \$10,000 to \$15,000. For a decedent's spouse and children, the 2001 amendments also increased the homestead allowance and the exempt property allowance from \$10,000 to \$15,000. Finally the living allowance under the probate process was increased to a \$18,000 lump sum or \$1,500 per month for one year.
8. Other statutes were amended in the following areas: Wrongful death or personal injury actions for decedent's estates; suits by or against personal representatives; fiduciary bonds for nonresident personal representatives; and recordation of certified copies of wills.

## UNIFORM TRUST CODE

We recently conducted due diligence on GE Centurion Capital Management (CCM), an investment management company, which offers investors a better way to prepare for a bear market, or any type of market, through WealthCOMPAS – a centralized family of asset management services. Central to Centurion’s approach is the belief that clients’ serious money – the money they cannot afford to lose – must be invested for both capital appreciation and capital preservation, with protection taking precedence for the majority of investors. WealthCOMPAS provides the flexibility to design a portfolio that takes advantage of capital appreciation opportunities while remaining focused on minimizing the risks inherent in the financial markets. They offer a wide range of industry-leading risk control methodologies, including an institutional-caliber protection service offered solely by CCM. Their success drew the attention of General Electric, which acquired CCM, in December 2001.

If you are interested in discussing Centurion Management further, please call to set up an appointment to come in and learn more or to receive materials.

## RIISING CONTRIBUTION LIMITS FOR RETIREMENT PLANS

Plan	Eligible Contributor	2001 Max	2002 Max	2006 Max
401 (k)	Most workers	\$10.5K	\$11K	15K
403 (b)	Rel/Char/Edu Employees	\$10.5K	\$11K	15K
457	Nonprofit/state/ local Government Employees	\$8.5K	\$11K	15K
Simple	Small business Employees	\$6.5K	\$7K	TBD
Traditional IRA	Most workers	\$2K	\$3K	\$4K
Roth IRA	Most workers	\$2K	\$3K	\$4K
SEP-IRA	Self-employed	\$25.5K	\$40K	TBD
Keough	Self-employed	\$35K	\$40K	TBD

## ANNUITY MAXIMIZATION

Many of our clients have tax-deferred annuities that will continue to pay after they die or will pay only when they die. Their value at death may then be subject to estate tax which, when combined with the income tax, can reduce the value of the annuity by more than half. Annuity maximization is a strategy intended to convert the tax-deferred annuities into an immediate annuity with payments ceasing at death or taking tax-favored withdrawals. If you annuitize and your interest in the annuity ceases at your death, nothing is left to be included in your taxable estate. If you take tax-favored withdrawals, you can significantly reduce the amount included in your taxable estate. *Continued on page 4.*

### Great Quotes

*Q: What’s a Lawyer?*

*A: Someone who reads a 10,000-word document and calls it a brief.*

### Personal Representative’s Liability

In a decision handed down in 2001, the Virginia Supreme Court found, contrary to lower court decisions, that Virginia law insulated a personal representative from a claim of negligence in the signing of an estate tax return that was prepared and filed by a bank that the personal representative engaged for its expertise.

### Great Courtroom Moments

*The young lawyer finished his summation: “And if it please the court, if I am wrong on this, I have another argument that is equally conclusive.”*

## ESTATE ADMINISTRATION

**W**e care. When a client passes away, we often will hear from the next of kin soon thereafter asking what they should do. We encourage you to make those calls. If the estate is less than the exemption amount (presently \$1,000,000) and all the assets have been properly titled in the name of the trust, there may be no estate tax return to file and no probate work to be done. If probate and/or estate tax returns are required, we can take care of those matters for you. For further information, you may wish to look at [www.cohenburnett.com](http://www.cohenburnett.com), or call for an appointment to discuss your estate administration problems.

## JANUARY 1, 2002 CHANGES IN THE FEDERAL ESTATE TAX

**G**ood news. Effective January 1, 2002, the lifetime estate and gift tax exemption increased from \$675,000 to \$1,000,000 per person. Further, the generation skipping transfer tax exemption increased from \$1,060,000 to \$1,100,000 per person. Third, the annual gift exemption increased from \$10,000 to \$11,000 per person, which means that a married couple can donate up to \$22,000 per person per calendar year.

**Annuity Maximization Continued.** The annuity may also provide liquidity for annual exclusion gifts. You can use the after-tax annuity income or withdrawals to make annual gifts to an irrevocable life insurance trust (ILIT) for your beneficiaries. You may give up to \$11,000 per recipient without gift tax or \$22,000 if you split gifts with a spouse. If these gifts are used to purchase life insurance, the benefit to your heirs may be substantially leveraged. A properly drafted and administered ILIT will keep the death benefit from being included in your taxable estate and your heirs can receive the ILIT distributions without income tax consequences.

If you are interested in discussing annuities further, please call to set up an appointment to come in and learn more or to receive materials.

## BASIC ESTATE PLANNING SEMINARS

We continue to offer our basic estate planning seminars to educate people about the myths and facts of estate planning. If you would like to attend one of our basic estate planning seminars as a refresher, or if you know of anyone else who may be interested in attending a seminar of this nature, please let us know and we will be happy to reserve space(s). Our basic estate planning seminars are scheduled as follows:

**Thursday, October 10, 2002 at 12:00 p.m. to 2:30 p.m.**

**Thursday, November 7, 2002 at 12:00 p.m. to 2:30 p.m.**

**Thursday, December 5, 2002 at 12:00 p.m. to 2:30 p.m.**

**Thursday, January 16, 2003 at 12:00 p.m. to 2:30 p.m.**

## ADVANCED ESTATE PLANNING SEMINARS

**O**ur Advanced Estate Planning Seminars are an interactive, in-depth exploration of sophisticated estate planning tools that address the special needs of affluent clients such as life insurance trusts, charitable remainder trusts, and 529 College Savings Plans.

**Thursday, October 24, 2002 at 12:00 p.m. to 2:30 p.m.**

**Thursday, November 21, 2002 at 12:00 p.m. to 2:30 p.m.**

**Thursday, December 12, 2002 at 12:00 p.m. to 2:30 p.m.**

**Thursday, January 30, 2003 at 12:00 p.m. to 2:30 p.m.**

All of our estate planning seminars are conducted in our conference facilities at our McLean office. A buffet style catered lunch or dinner will be served at all presentations. Reservations are required. To RSVP for a seminar, please call our office at (703) 847-8900.