



THE BUXTON BULLETIN

PUBLISHED FROM TIME TO TIME FOR THE BENEFIT OF OUR CLIENTS AND FRIENDS

By JOSEPH T. BUXTON III, PC T/A TRUSTBUILDERS LAW GROUP

A Professional Law Corporation, Urbana . Yorktown

WINTER 2008

A Letter To Clients

Dear Valued Clients:

With the deterioration of the stock market, an uncertain economic future, combined with the change in government, I am sure many of you are looking at the coming year with apprehension. Add to this the prospect of increased taxes on income and possibly on estates, the situation is not the brightest. However, in many respects, this recession is characteristic of most, and if it follows the trend of the recessions since World War II, the economy may recover within 18 months, yet it might be at least six months before the pundits

and the media recognize it.

As planners, we wish we could tell you when things would turn around, but that we cannot do. What we can do, however, is bring our experience and our team of planners together to have a conversation with you about the options and planning opportunities available to you in the months ahead.

I would like to invite you to come in to review your current situation. Not only will we review your documents, as we like to do every year, but review your entire financial picture. We will

discuss with you what choices might be available to improve your position and to plan for the recovery which will come.

If you are concerned about keeping the promises you have made to your family, your heirs, and yourself in these difficult times, please call to reserve a time for your free Personal Wealth Care review*.

In the meantime, the staff at TrustBuilders joins me in wishing you and your family a Merry Christmas and Happy New Year.

-Joseph T. "Chip" Buxton III



CHIPS TIPS

By Joseph T. Buxton III, Attorney

♦The Virginia College America §529 Education Savings Account offers an unusual tax wise savings opportunity. Plan contributions must be in cash and could use funds available from your existing taxable CD's. Your contributions can use your annual \$12,000 gift tax exclusion for the next five years. This means you could deposit up to \$60,000 now (\$120,000 for a couple) when you open the account. These funds grow tax-free within the account and are not included in your taxable estate in the event of your death, provided you live at least five years. Additionally, \$2,000 per account may be deductible on your Virginia state income tax return. It may also be possible to create sub-accounts for each beneficiary and multiply the \$2,000 exemption by the number of accounts that you actually open for each beneficiary. This would depend on your individual Virginia state income tax liability for this year and future years. The income tax deduction can be carried forward to the extent that it is unused. §529 ac-

counts can be closed at any-time and returned to you. Income tax and in most cases a 10% penalty will be due on the income earned but no tax on the principal. Beneficiaries can be changed as well without penalty. Funds used for education expenses for the beneficiary are also currently tax free.

♦ As clients reach the age of 70 years, their retirement plan administrators traditionally will remind them that it will soon be time for the client to start withdrawing from their retirement plans. This withdrawal is known as the required minimum distribution, and failure to take the RMD when required can result in hefty, hefty tax penalties. The rules are fairly straightforward. When an individual reaches the age of 70 1/2 the IRS requires that they begin taking payments from their traditional IRA, Simple IRA and other similar retirement plans.

♦The Virginia Uniform Statutory Rule Against Perpetuities Act was adopted in 2000. The Act sought to clarify an ancient

English rule that prohibited the creation of an interest in property that lasted beyond the lifetime of people living at the time that the interest was created. The uniform statute extends the period to 90 years from the date of death of the creator of the interest. However, under §55-13.3, the Virginia Code further provides "the rule against perpetuities shall not apply to any trust or any interest created in personal property held in such trust or to any power of appointment over personal property held in such trust or to any power of appointment over personal property granted under such trust, when the trust instrument by its terms provides that the rule against perpetuities shall not apply to such trusts." Simply stated, this means that a trust can be created that extends its life in perpetuity. In other words, you are permitted to create a perpetual trust that can continue for the benefit of your heirs. This is known as a Dynasty trust or a "Bloodline" Trust. If keeping your estate "in the family" is important to you, this is the type of living trust designed to do the trick.

Inside this issue:

Funding your Trust: Remember the Stock!	2
Tangier Island Continued...	2
Client's Corner	2
Going to the Dogs	3
Holiday Office Closing	4
Single Premium Long-Term Care Insurance	4





Funding your Trust: Remember the Stock!

By Kris Koletar, Attorney

One of the most common issues we encounter when doing a trust-based estate plan, or administering a trust after a Grantor's death, is finding company stock in either book-entry or certificate form that was never reissued to the trust. This happens frequently when clients own shares of companies like Dominion Resources or Anthem/Wellpoint that at one time had simple stock purchase plans; they often just forget how many shares they own, or that they own them at all. If the shares are discovered after someone's death, a client will have to go through the extra aggravation of probating the deceased's will to get the stock into the trust where it belongs.

Keep in mind that in order for a trust to work (that is, avoid probate entirely) ALL of your directly held assets have to be put in trust. Stock does not automatically get assigned to your trust when you sign the Assignment of Untitled Tangible Personal

Property attached to your trust because stock is legally an *intangible* asset, even if you have the physical stock certificates themselves. In fact, stock cannot be assigned by any other means than going through a transfer agent. Every publically traded company has one, and it's their job to assign shares of stock between owners.

Certificated stock tends to be the most difficult, as the transfer requires that you return the original stock certificates to the transfer agent and have them reissued in your name as Trustee. This can be time-consuming, and is often further complicated by lost or destroyed certificates, which require that you pay an additional fee and sign extra paperwork to effectuate the transfer. Book-entry stock, like that held by Computershare or a similar clearing house, is easier but still requires that you fill out specific paperwork and get a medallion signature guarantee from a bank before the

stock is reissued.

So how do you make it easier on yourself (and us)? Hold your company stock in a brokerage account. In this day and age, there is literally no advantage whatsoever to owning stock certificates directly. If you keep all your stock in a simple brokerage account, you may still need to fill out paperwork to transfer the stock to the account, but it can all be handled by your broker, and all you should need is a copy of the certification letter we provide at your trust signing appointment. In fact, since we have the ability to open brokerage accounts and transfer stocks in-house, we have in the past set up brokerage accounts directly in a trust name and consolidated numerous stock holdings into one easy-to-manage package. Please feel free to ask us to do the same for you through our affiliate, TrustBuilders Planning Group, LLC*.

Tangier Island continued... "Health Clinic Breaks Ground"

By May Ellen Oakley, Office Manger, Urbanna

We have heard, never let it be said that people don't respond when there is a need. The project to build a new and desperately needed health clinic on Tangier Island was no more than a dream in 2005. Every week for the past 29 years Dr. David Nichols of White Stone, Virginia has commuted to Tangier by boat, helicopter and plane to give free medical care to the 600 residents of the island.

Today, because of the efforts and generosity of many, Dr. Nichols' dream is coming true.

Donations from church bake sales, local Rotary Clubs, a State grant in the amount of \$300,000 and private donations have made the goal of \$1.2 million a reality. Architects, attorneys, accountants, contractors and many others have generously

donated their time and talents.

Visit the website www.tangierclinic.org and follow the progress. See how you can help, and next spring when the weather gets warm and the boats begin their daily commute to the island, hop aboard! Enjoy the local seafood, the "best-ever" crab cakes, and a bit of paradise on this tiny island in the middle of the bay!

Client's Corner

It once was said the best form of advertising is the opinion of those whom we serve. We would like to share a letter we recently Received from a client:

"Dear TrustBuilders,

Having dealt with Kris Koletar and Vonda Flannery for the past three weeks, we wish to express our appreciation for their competence, professionalism and compassion in dealing with our legal predicament since having to deal with the loss of my father and with the preparation of our trust.

They both represented TrustBuilders Law group with the highest degree of knowledge and an understanding of our situation that won't soon be forgotten.

Thank you again for having such able bodied representatives in your firm."

Kudos to Kris and Vonda!



Going to the Dogs.... By Mary Wakefield Buxton

Well, here I am dear readers, back again. The Big Cheese wants me to write a column for every issue of the Buxton Bulletin now. He's the sort when you give him one column, then he wants the whole book. "And make it funny," he told me.

Funny? He expects me to be funny? With the stock market down (this written in November) and my retirement account looking like it had been hit by a passing freight train, and I'm supposed to write something funny?

The truth is The Big Cheese often invites me to come to the office and join in all the "fun." I suppose he wishes that I would do something more worthwhile with my time than write books, poetry, short stories, magazine articles, columns, even my first novel and a play (the last both remain unpublished) all day long. Who knows what he may be up to?

While I fill in when needed, I try to stay well enough away from the law office, dear readers. Ask any writer...there is NOTHING in this world more boring than law documents! Until you need them, that is.

We have a joke in our house. Every Monday morning I take out a fresh stack of bills and wave them in front of his nose during breakfast, just to get him going. "Guess I won't retire this week," the Big Cheese always tells me and we both go into peals of laughter. I guess at our age we laugh at anything.

It could be that weekly joke isn't very funny? I really don't know. I have been living with a lawyer for 45 years. It could be I'm a bit stilted in the humor department.

But the Big Cheese and I figure our work keeps us young, busy and happy. We both love what we do. (Although I must admit he is more successful than I.) But one day that could all change. When I publish my first best seller and make a fortune! Hurrah!

Now, for the serious part. Every now and then, a dear friend passes away. And it hits me. We wives think about these things. What if Big Cheese ever popped off and left me with that stack of fresh bills?

Of course, I figure if I take good care of him, which I do, and if luck goes my way, that's not going to happen for a good long time. Still, when it does happen, thanks to the lawyer in the family, we have everything carefully planned and all necessary documents on file. It does give me some peace of mind.

The other week I joined TrustBuilder's Yorktown and Urbanna staff for a joint lunch on a learning conference day. We ordered home made sandwiches from the Urbanna Market across the street and all sat around the table to enjoy lunch together.

I noticed no two sandwiches were the same. Someone had tuna fish, another turkey, another ham and cheese, another roast beef, etc. Then there were rye, white, whole wheat bread and a variety of condiments.

It struck me while we were passing out the sandwiches that is exactly how our clients are; every family has a different set of needs. Our firm takes special care to produce just the right plan for your family. The way we do this is by getting to know you, listening carefully to the particulars in your life, and take the time to make sure we get it right.

Has there been a second or third marriage? Is there a special needs child involved that needs to be cared for after the family has gone? Are children compatible or will they fight over the estate? Is there a step-parent or step-children involved that will interfere with other family interests?

And what about the dogs? What will happen to the dogs? My God, think about our dogs!

Our lives totally revolve around our two precious golden retrievers, "Lady" and "Lord." Don't think for one moment we haven't thought about them as we have made plans. They are almost as important to us as our children and grandchildren!

As I looked around the table over our staff lunch, I saw a really special group of people all assembled for one reason. To take care of you should you ever need them. I felt awfully proud of the Big Cheese, Kris, Wade, Betsy, May Ellen, Vonda, Sharon and Andrea (who works from her home in Kansas).

You can be sure when you are working through some of the most important decisions in life that you will ever make, that you will have the best people on your side.

Well, I guess I'm not being that funny. I suppose the Big Cheese will complain that I was too serious. But my best advice is to get it all together as soon as you can. There is nothing sadder for a family than when the breadwinner passes away without making proper plans. And, whatever else you do...Don't forget to plan for the dogs!



ADDRESS CORRECTION REQUESTED

**RESERVE YOUR FREE PERSONAL
WEALTH CARE REVIEW**
**Securities offered through 1st Global
Capital Corp., Member FINRA, SIPC**
**Investment advisory services offered
through 1st Global Advisors, Inc.**
**Insurance services offered through 1st
Global Insurance Services, Inc.**

Joseph T. Buxton III, P.C.
914 Denbigh Blvd.
Yorktown, Virginia 23692
Phone: Yorktown 757-877-2248
Urbanna: 804-758-2244
Fax: 757-890-1300

Providing Peace of Mind through Comprehensive
Estate Planning & Integrated Wealth Management

**Check out our website @
www.trustbuilders.net**

HOLIDAY OFFICE CLOSINGS

TrustBuilders Law Group will be closed for the holidays from December 24, 2008 through December 26, 2008 and January 1, 2009.
Enjoy the holiday season and a happy New Year!

Single Premium Long-Term Care Insurance By Kris Koletar, Attorney

In the past few newsletters, we have stressed long term care insurance as a part of a complete and effective estate plan. We realize, however, that although being properly insured against a long term disability or nursing home stay costs significantly less than getting caught having to pay for your care out of pocket, the premiums on many long term care policies can be prohibitively expensive for most people. This is especially true for those over age 70, when premiums can suddenly become exponentially higher.

One possible solution to this problem is single-premium long term care insurance. Instead of a monthly, quarterly, or annual premium to be paid on a policy, you make one single lump-sum payment into the plan and your coverage is guaranteed to stay in place for when you need it. This can be especially useful if you live on Social Security or pensions alone, and have a low monthly income, but have some money socked away in savings, such as in one or more CDs.

You can recharacterize that CD and turn it from a savings vehicle to protection in the event you need skilled care in the future.

Additionally, many single-premium life insurance policies now offer long-term care riders that accomplish the same goal while ensuring that the premium you spend is not "wasted" if you do not require long term care. Even if the accelerated benefit/long term care rider never kicks in, you still have an in-force life insurance policy to pay any debts and taxes due upon your death, provide liquidity to your estate, pass on to your children and grandchildren, etc.

Only through a careful review of your unique circumstances can we determine whether one of these strategies is appropriate for you. Let us review your plan today to find the most effective solutions.



This newsletter is not intended as a substitute for legal counsel. While every precaution has been taken to make this newsletter accurate, we assume no responsibility for errors, omissions, or damages resulting from the use of the information in this newsletter. If you would like to be removed from our TrustBuilders newsletter distribution list, please e-mail us at siester@trustbuilders.net, telephone us at 757-877-2248 or fax us at 757-890-1300. *Securities offered through 1st Global Capital Corp., Member FINRA, SIPC Investment advisory services offered through 1st Global Advisors, Inc. Joseph T. Buxton, III, P.C. **Wealth Care Review provided by TrustBuilders Law Group through TrustBuilders Planning Group, LLC