

■ IS A REVOCABLE TRUST RIGHT FOR YOU?

"Revocable living trusts" have become popular estate planning tools. Whether a living trust is right for you, however, depends on a number of factors. A living trust may benefit you greatly, or you may be worse off with one.

A living trust is a trust that you set up during your lifetime, to which you transfer most or all of your assets. You get the income from the trust, and also have the right to withdraw principal. You can revoke or cancel the trust at any time during your life. At death the trust becomes irrevocable and its income and assets are disposed of under terms specified by you in the trust document.

Why would you do this? The main advantage of the living trust is that its assets are distributed without going through the court probate process. That avoids a filing fee in the probate court. Also, trustee fees generally are lower than nonfamily executors' or personal representatives' fees would be. However, even if probate is avoided there may be the expense of preparing an estate tax return (if your estate is in excess of the specific limits), valuing and transferring assets, and making a formal accounting and settlement. Also, to avoid probate, all probate assets must be included in the living trust. If some assets are left out, a probate proceeding may still be necessary. As a result, those with living trusts usually also have a will to direct any extra property into the trust.

Some of the other benefits and pitfalls to consider are:

QUICKER DISTRIBUTIONS: Probating a will and gathering assets into the estate for distribution can take quite a bit of time. With a living trust, by contrast, all assets already are gathered together, so the trustee can make immediate distributions and continue paying bills as usual.

PROTECTING MINORS: Living trusts can help avoid the need to appoint a guardian (which can cause delay and add to administration costs) to represent the children's interests.

PRIVACY PROTECTION: Since probate records are public, the size of your estate, and the names of beneficiaries and the amounts each received, can come into anyone's possession. The size and terms of a living trust, by contrast, are not necessarily public matters.

MULTIPLE RESIDENCES: Those with real estate in more than one state can avoid the problems and expense of multiple probate proceedings by putting the out-of-state real estate in a living trust. However, an estate tax return may still need to be filed in some states.

INCOME TAXES: If you create a living trust, you will be taxed on its income in much the same way as if you continued to own the property outright.

ESTATE TAXES: It's a fairly common misconception that living trusts save estate taxes, but that's not necessarily the case. The trust assets will be subject to estate tax just as if you continued to own them outright. Therefore, basic estate planning techniques, such as dividing a married couple's assets to ensure that they receive the benefit of two unified credit exemption equivalent amounts, remain important in the context of living trusts as well as transfers at death by will.

As we said, living trusts make a lot of sense for some people and none at all for others. You have to consider all of the pluses and minuses as they relate to your particular situation to make an informed choice about a living trust. This article contains tax information of a general nature and should not be acted upon without further consultation. Contact your attorney or tax advisor if you have any questions about your particular situation. We would be happy to assist you in making the decision that's right for you. Please call or contact us if we can be of assistance. Visit <http://www.bayliscpas.com/services/taxfinancialdetails.php#estate> if you would like to learn more about our estate and trust services.

■ SUMMER VACATIONS ON A BUDGET



School is out and many families will spend time together during the summer. Summer vacations don't have to be budget busters. Here are a few of our favorite tips for economical fun:

LOCAL FUN: Consider day trips to destinations in your own back yard. There are many science centers, botanical gardens, parks, zoos, museums, amusement parks and farms within driving distance. Fox News Tampa Bay offers some great ideas for "One Tank Trips" on their website: http://www.myfoxtampabay.com/subindex/good_day/one_tank_trips.

CAMPING: If you are adventurous, you can have lots of fun for very little money by camping out. There are many fine camping facilities in Central Florida which also offer activities including hiking, swimming, horseback

riding and kayaking.

CONSIDER MORE THAN HOTELS: You can often find charming and economical lodging by checking out rental cabins, condos, bed and breakfast establishments and even homes near the area you would like to visit.

DO YOUR RESEARCH: Once you decide what you and your family would like to do, spend a few minutes researching your destinations on the internet. You can often find discounts and coupons online to save on admission fees or other amenities.

We hope that your summer vacation is filled with fun and good times with family and friends!

■ SPOTLIGHT ON TAMI BURROUGHS, CPA

This month we are pleased to spotlight one of our Shareholders, Tamara J. Burroughs, CPA. Tami's gentle inquisitiveness and her ability to efficiently work through complex tax scenarios make her a valuable resource for our Firm.

Tami earned her Master of Accounting degree and her Bachelor of Science degree in Accounting from the University of Florida. She has over 19 years of public accounting experience and uses her international firm experience in taxation, estate and trust matters to direct our Firm's efforts in these areas.



Tami is a graduate of Leadership Lakeland Class XXI and has served as an officer for Friends of the Library of Lakeland, Camp Fire USA Sunshine Council, Center for Children in Crisis and the Club Hill Homeowners Association.

Tami manages to fit in frequent runs, bike rides, hikes and workouts in her time away from the office. She and her husband, Deric, who has an instrument-rated pilot license, also enjoy flying around the country for both business and pleasure.

■ CLOSING THOUGHTS

Humorist and Author Erma Bombeck made this funny observation about air travel:

"Did you ever notice that the first piece of luggage on the carousel never belongs to anyone?"

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