



JONES LAW OFFICE

DECEMBER 2017

JONES AND MAGNUS IS NOW...

JONES LAW OFFICE

We have changed our name, but you can still rely on us for superior business consulting, estate planning, litigation and real estate services. Still conveniently located at 212 Madison Avenue, Mankato, MN



SAVE THE DATE!!

Jones Law will be hosting a seminar this March in Mankato:

Seminar: Estate and Business Planning

Date: Saturday, March 24th, 2018

Where: **Kato Ballroom**

When: **10:00AM**

Snacks and refreshments provided, we hope to see you there!

Call our office today to **RSVP** (507) 385-4488

or email info@joneslawmn.com

SPECIAL POINTS OF INTEREST:

- *Meet our new Attorney!*
- *Contracts For Deed*
- *How Buy-Sell Agreements can work for you*
- *Estate Tax Update*
- *5 Myths About Revocable Living Trusts*

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OUR ESTATE PLANNING AND BUSINESS TEAM



Our Estate Planning and Business Team, which includes Stacey Edwards Jones, Richard H. Kakekdey, and our newest member, Kristin M. Gunsolus, have over 60 combined years of experience in the areas of Trusts, Estates, Real Estate, Probate and Business Law.



In 2005, Stacey opened her own practice focusing on Estate Planning, Business Planning, Probate and Real Estate. Stacey is the managing partner of Jones Law Office and has over 15 years of experience. Stacey is originally from Lake Crystal and grew up on a farm just outside of Mankato and enjoys working with farmers and their families to transition the family farm. In her spare time, Stacey competes at horse shows with her family and raises Hackney Ponies. Stacey and her husband have two children.



Introducing our newest associate, Kristin M. Gunsolus. Kristin comes to us with experience in the areas of Trusts, Estates, and Financial Services. Raised in rural Janesville, MN, Kristin graduated from Minnesota State University in Mankato and attended William Mitchell College of Law in St. Paul. Kristin practiced in Owatonna and Rochester, working first as a financial advisor and then as an attorney, and just recently relocated back “home” to build her law practice. She is excited to be back in the area and enjoys helping farmers, small business owners and families plan for the unexpected.



Dick has been practicing in the areas of Business Planning and Trusts and Estates for over 30 years. Dick was born and grew up in Fairmont, MN with his wife, Terry, of 48 years. After attending undergraduate school in Colorado, Dick moved back to Mankato, MN and has been serving the people of Southern Minnesota ever since. When not practicing law, Dick enjoys spending time in South Dakota (where he is also licensed) at his cabin and spending time with his family, including his two daughters, son-in-law, and particularly his grandsons.

5 MYTHS ABOUT REVOCABLE LIVING TRUSTS

1) Trusts are Only for the Wealthy

Revocable Living Trusts provide a means for married couples to maximize their exemptions and reduce or eliminate Minnesota Estate tax. However, tax planning is not the only advantage to using a Revocable Living Trust. Even individuals with modest estates can benefit from the probate avoidance, incapacity planning and asset protection for beneficiaries that trusts provide.

2) Trusts Cost Too Much

The fee to establish a Revocable Living Trust is typically higher than the fee to create a Will. However, taking into consideration the costs of administration upon death, establishing a Trust during your lifetime may end up costing your estate less. A Will is subject to probate, and probate costs and attorney fees can run your estate a bill of costs anywhere from 2% of the value of your estate. Trusts, in contrast, are administered privately, by the trustees whom you select. While trustees may elect to utilize accounting and legal professionals to aid in the distribution, the costs to the estate are typically less.

3) Putting my Assets in a Trust is Equivalent to Losing Control

Revocable Living Trusts are designed to allow the grantor to maintain full control of all assets in the Trust, for as long as he or she is alive and competent. The grantor makes all investment decisions; you can freely purchase and sell property and add or

remove property; and may amend or revoke the document at any time.

4) Trusts are Too Complicated.

The provisions of a Revocable Living Trust can be as simple or complicated as you want them to be. The basic terms of a Trust are relatively simple: **the grantor** directs **the trustee** to hold and distribute assets to **the beneficiaries**. While you have the flexibility to incorporate complex or restrictive trust provisions, you can also choose to make distribution simple.

5) I Have a Trust, So I Should Be Set, Right?

The Revocable Living Trust document itself is just one piece of the puzzle. An unfunded trust can be detrimental to an estate plan. The process of “funding” a trust entails changing the ownership and/or beneficiary of certain assets to the Revocable Living Trust. A trust only works to distribute the assets that are owned by it. If you have a trust but never changed ownership of your assets, your estate plan is incomplete.

Our office can assist you in completing your plan. Call our office today!



BEFORE YOU GIFT, CONSIDER COST BASIS

Gift-giving is a powerful tool in estate planning. It can aid in reducing estate and income taxes, transfer wealth, transition ownership or operation of the farm or business to the next generation, or serve as a personal fulfillment of the donor.

However, it is important to look at the implications of a gift from the donee's perspective. Cost basis is a factor that needs to be considered.

Cost basis consists of the original cost paid for an asset. The cost basis of cash is the value of the cash when gifted. The cost basis of stock is the amount originally paid for the stock, before any appreciation or loss. The cost basis of real property is the price originally paid, plus any improvements. Cost basis matters because it is used to track gain or loss of an asset.

Unlike transfers upon death where an heir can inherit a step-up in cost basis to market value upon death, as it pertains to gifting, cost basis follows the gift. When someone makes a gift, not only do they gift ownership of the asset but they also gift their cost basis in the asset. Thus, the donee will realize a gain or loss upon the sale of gifted property based on the difference between the amount received for the sale and the amount the donor paid for the asset.

While gifting can benefit many individuals and families, a tax advisor should be consulted prior to making a gift, especially if the gifted asset is a highly appreciated one.

NEW LAW APPLIES TO ALL LLCs JANUARY 2018

Whether you are prepared or not, the new Minnesota Limited Liability Company Statute 322C will replace the old Statute 322B, effective January 2018. Many Minnesota LLCs have yet to update their company documents to accommodate the statutory changes. The effective result may be a mismatch between a business's governing documents and the statutory environment contemplated by the new law. Businesses are advised to adapt to the new Statute on their own terms, rather than being forced to accept

the default provisions that have been imposed in January.

We have been assisting our clients to make sure their company documents are in conformance with the new Statute. If you have not yet set a time to come into our office, do so soon and we will make sure all your planning is in accordance with these changes.



ETATE TAX LAW UPDATES

Minnesota continues to be one of the minority of states that imposes its own estate tax. The 2017 legislature, however, made strides in reducing the impact of the estate tax on Minnesota families.

The new law, retroactive to January 1, 2017 increased the estate tax exemption to \$2.1 Million for 2017, (up from \$1.8 Million), and continues the increase \$300,000 per year until it tops out at \$3 Million in 2020. The exemption is available for each individual estate. But Minnesota still does not allow portability, meaning if you're married, in order to utilize each spouse's exemption, some type of estate planning needs to be done.

The Minnesota tax rate is progressive, topping out at 16%. Despite Governor Dayton's disapproval with the legislature in bumping this one, it's looking like the estate tax exemption increase may stick.

The fate of the federal estate tax remains uncertain, as the recently revealed Republican Tax plan proposes to repeal the tax. In reality, very few estates end up owing federal estate tax. The federal estate tax exemption for deaths in 2017 is \$5.49 Million, or nearly \$11 Million for married individuals, and is set to tick up to \$5.6 Million per person in 2018.

CONTRACTS FOR DEED

Many of our clients utilize Contracts For Deed in order to begin the process of family farm transition. An Installment Contract can be a useful tool, but too many advisors use the standard terms on a complex farm transaction. We counsel clients to make sure they include provisions that take into account possible future events. A child or grandchild as a purchaser might have creditor

problems, divorce, or a desire to sell the property they have acquired. Clauses need to be included that will ensure these respected events are covered. Call our office for a consultation if you are considering a sale of real estate to the next generation.





JONES LAW OFFICE

212 Madison Avenue, Suite 100
Mankato, MN 56001

Phone: 507-385-4488

Fax: 507-385-1288

E-mail: info@joneslawmn.com

WE'RE ON THE WEB!
WWW.JONESLAWMN.COM

JOIN US FOR AN OPEN HOUSE!

Come on down to our offices on Tuesday, January 9th for refreshments from 2:00pm-6:00pm.

All are welcome and we hope you can make it!

