



ESTATE PLANNING

At Janney Montgomery Scott

Providing for and protecting your loved ones is never more critical than when you *aren't* there to do so. That is why developing an estate plan can be the best thing you will ever do for them.

A comprehensive estate plan can help you:

- Preserve and protect your wealth
- Control who receives your assets, when and how
- Ensure that your wishes are carried out
- Reduce the tax burden on your heirs and family, and
- Provide for continuation of your business

A WILL IS **NOT** THE ONLY WAY

Many people are under the impression that establishing a Will is the first and last step to estate planning. While having a Will is important, it is not the only component of an estate plan. Your plan should also include a/an:

- Living Will
- Durable power of attorney
- Full accounting of the value of your estate
- Executor who understands your wishes
- Insurance plan
- Trust and gifting strategies
- Business succession plan (as needed)

One of the most important aspects of estate planning is keeping your plan up-to-date. It is important to regularly review and adjust your plan to provide for any changes in state and federal estate tax rates, wealth transfer opportunities, and your financial and family status, including marriage, divorce, births, deaths, illnesses, retirement, relocations and more.

WILL YOUR BENEFICIARY BENEFIT?

How do you ensure that your property is properly distributed to your loved ones? A Will is one method—but you need to ensure that *all* of your assets are covered. For example, insurance products

and retirement assets (including IRAs) generally pass according to the terms of a beneficiary designation—rather than the provisions of a Will. Conflict between a Will and a beneficiary designation can cause costly legal problems—and a beneficiary designation can even supersede a Will in the case of a discrepancy. It is important to keep your beneficiary designations up-to-date.

OTHER WAYS TO TRANSFER ASSETS

Property can also be transferred by operation of property law (in the case of jointly-owned assets), by contract, by trust and by account titling (for 'transfer on death' accounts).

ESTATE PLANNING STRATEGIES

There are a number of estate planning strategies you can implement today, from gifting and trusts to ensuring adequate insurance coverage, among others. In 2011 and 2012, you can gift up to \$13,000 per person annually (up to \$26,000 per year for a married couple) under the annual gift tax exclusion. This can lower the future amount subject to estate tax. Trusts can be used to transfer assets during lifetime and at death, control the distribution of your assets and minimize taxes. They can also provide income during your lifetime and in the event of death.

Insurance is an essential part of an estate planning strategy. You can use life insurance to replace lost income, pay inheritance taxes, fund a succession plan, pay off debts or replace the amount given to a charitable remainder trust.

FEDERAL ESTATE AND GIFT TAXES

The chart below shows the amount that can pass to your heirs free of estate tax. If, in 2011, your estate is worth less than or equal to \$5 million, no federal estate tax will be due. Further, in 2011, the lifetime gift tax exemption allows you to make a total of \$5 million of taxable gifts over your lifetime before owing any federal gift tax. However, estate tax law may change significantly in 2013, and this is an important planning consideration.

STATE ESTATE TAXES

Many states have separate estate tax regimes with lower applicable exclusion amounts than the federal applicable exclusion amount. These include the District of Columbia, Maryland, Massachusetts, New Jersey, New York, Pennsylvania and Rhode Island, among others. It is critical that the estate plans of individuals living in or owning property located in states with estate taxes address this estate tax exposure.

ACCESSING PROFESSIONAL EXPERTISE

Janney's financial planning professionals, including knowledgeable and experienced attorneys and Certified Financial Planners™, are here to assist you in reviewing your current situation and estate planning documents. They can make recommendations and develop an updated estate planning strategy to preserve your assets and legacy. They will work with you, your Financial Advisor and other advisors, as appropriate, to assist you.

Whether minimizing taxes is a paramount concern or another issue is most important to you, such as the

care of someone who can't handle their own financial affairs, your Janney Financial Advisor, supported by our experienced planning specialists, can help you develop an approach that works best for you.

A typical engagement might call for a review of your existing estate planning documents to ensure that they are up-to-date in light of the latest changes in state and federal tax laws. We can provide you with observations as to how these documents may operate under existing laws and ways in which they might be improved.

We can summarize our understanding of your documents to ensure our views are consistent with your understanding of your existing estate plan. We can also prepare for your review a preliminary analysis of your estate plan and the hypothetical taxes that could arise upon your death. We can identify ways in which these taxes may be reduced or eliminated—or how the impact of these taxes upon your legacy can be minimized.

Finally, we can review your life insurance coverage and advise you of any overlaps and gaps in coverage—and of solutions that can help. We can also review your trust and gifting strategies, and provide insights and support here as well.

PRESERVING YOUR LEGACY THROUGH PLANNING

Changing tax laws and changing circumstances will affect you, your family and your estate. Your Janney Financial Advisor can assist you in accessing Janney's Wealth Planning team to review your current strategy and execute an updated estate plan to help preserve your legacy. Our goal is to ensure your family's continued financial comfort and security. Please contact your Janney Financial Advisor to learn more.

Year	Estate Tax Exemption	Gift Tax Exemption	Highest Estate and Gift Tax Rate
2011	\$5 million	\$5 million	35%
2012	\$5 million	\$5 million	35%
2013*	\$1 million	\$1 million	55%

**If Congress has taken no action by December 31, 2012, the estate tax rate reverts to pre-2010 Tax Relief Act levels, and the exemption amount will decrease from \$5 million to \$1 million.*

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