

The Blitz

October 2018

Information on Tax and Estate Planning from the
Masonic Charities of the Grand Lodge of Pennsylvania



HELPING THOSE IN NEED

Not all my inquiries across this great land are for estate planning advice. Many calls are from those in need of help, like widows of fellow Masons.

Last year, I received a call from Cindy in Lakeland, Florida, who just lost her husband and was distraught on what to do next. Cindy needed advice on numerous matters, including how to administer her husband's estate as well as grief counseling to overcome the sudden loss of her spouse.

I put Cindy in touch with our Relations Administrator, Tiffany Brandt-Thomas, for help. Tiffany coordinates our widows program, and was there to listen and counsel Cindy during this time of sorrow. Tiffany also connected Cindy with Masonic Villages' Outreach Department to provide additional referrals for the assistance she needed. I then contacted an attorney we have worked with in Florida to assist Cindy in handling her husband's estate.

When I was in Tampa a couple weeks later, Cindy and her friend attended my reception, where Cindy received her Widows' Guild membership card and Blue Slipper pin. She then confided to me she had no family in Florida, so I connected her with a Sales Counselor at Masonic Village at Elizabethtown. Within nine months, Cindy moved into retirement living on the campus. Cindy sorely misses her husband, but she is doing well now being involved in the many activities on campus. I must say, seeing Cindy's smiling face is what gives me the greatest satisfaction with my job.

If you like more information about our Widows or Outreach programs, feel free to email Tiffany at TBThomas@masonicvillages.org or call our office toll-free at 1-800-599-6454.

Alvin H. Blitz, Esq.
Chief Gift Planning Officer



RE-PLANNING AFTER REMARRIAGE



Question: Each year, I visit the widow of a Pennsylvania Mason, Sue, who after being widowed for several years, married her second husband, Joe. Sue isn't wealthy, but she lives comfortably in her small abode in Los Angeles (LA). She has a son, Eric, and a daughter, Mary, from her first marriage who she plans to make sure receives the bulk of her inheritance. Sue wants to make sure the Masonic Children's Home receives part of her estate. She confided that she wants to make sure her new husband would honor her request and wondered if she should do anything now to make sure her wishes were carried out. She asked me if I could give her some suggestions on what to do.

Answer: Sue is not alone, as many senior citizens today remarry after their spouse passes away rather than living the rest of their life in solitude or with an unmarried companion. However, the vows of marriage create certain legal challenges, that if not properly addressed, could result in unhappy outcomes. For Sue, I had several considerations:

1. The Prenuptial vs. Postnuptial Agreement.

I told Sue that I read a whopping 67% to 80% of second marriages land in divorce, so a postnuptial agreement should maybe be considered. (It was too late for a prenup since they were already married. Prenups are generally easier to enforce than postnups due to the higher fiduciary requirement to care for a spouse once married.) Each state is

different on postnups, and California, as expected, is one of the most difficult states to enforce postnups. The advantage of the postnup is Sue could enter into an enforceable agreement with Joe determining how his and her assets are to be distributed. Sue said she suggested the postnup option with Joe, and he wasn't interested at this time.

2. Preparing an Estate Plan for Sue and the Kids.

With the postnup idea off the table, I suggested that Sue consider seeing an attorney to prepare her estate plan that will take care of Joe and the kids. I suggested that she involve Joe to ensure marital harmony. I shared with Sue that Joe has the right to a spousal share of the estate (usually 30% or more depending upon the state) and she needs to take that into consideration when preparing the estate plan. Sue said she had a house worth about a \$1 million; an IRA she rolled over from her 401(k) plan when she retired worth about \$600,000 and a brokerage account worth about the same. Since Sue wanted to make sure Joe had a place to live if she passed first, she titled the house in joint names with right of survivorship with Joe. Sue then proposed to Joe that he receive 66% of the IRA, so he could use it as income, and the remaining 34% would go to the Masonic Children's Home as a gift, since it would not be subject to income taxes. Finally, Eric and Mary would receive 50% each in the brokerage account, since they would get a step up in the basis of the stock in the account and receive it free of capital gains taxes. Sue asked Joe to consider designating Eric and Mary beneficiaries of the IRA he would get from her at passing.

3. The Irrevocable Trust method.

I told Sue another alternative is always the irrevocable trust method. I am not a proponent of this method, but under certain circumstances, it should be considered. I told Sue she could have all the funds for the brokerage account go into an

irrevocable trust for Joe's benefit during his lifetime and then the remaining assets go equally to the children upon his passing. She could also arrange for her IRA to go to a charitable remainder trust for Joe's benefit for his life with the remainder going to the Masonic Children's Home upon his passing. She could then give Joe a life estate in the house with the remainder going to the children after passing. This method assures Joe has access to adequate income for her his needs during his lifetime, but also ensures that the children and Masonic Children's Home receive the remainder of the estate upon Joe's passing.

The Final Result.

Sue talked to an estate planning attorney in the LA area who suggested that if Joe was willing to agree to the estate planning option 2, that would be best; otherwise, the irrevocable trust option would be best. When Sue talked to Joe about this proposal, he talked to another attorney, and they agreed to accept her offer in number 2 to divvy up the assets. They then lived happily ever after. Heck, it's LA – isn't that how the endings are supposed to be in Hollywood?

Neither Masonic Villages of the Grand Lodge of Pennsylvania nor Alvin H. Blitz, Esq. provide legal, financial, or tax advice. None of the information in The Blitz should be deemed legal, financial, or tax advice or acted upon by any person without prior consultation with appropriate professional advisors.

FOR THE FIRST TIME IN OVER A DECADE, charitable gift annuity rates have increased effective July 1, 2018.



One-Life Gift Annuity			Two-Life Gift Annuity		
Age	Old Rate	NEW Rate	Ages	Old Rate	NEW Rate
70	5.1%	5.6%	70 & 75	4.8%	5.2%
75	5.8%	6.2%	75 & 82	5.4%	5.8%
80	6.8%	7.3%	80 & 88	6.3%	6.8%
85	7.8%	8.3%	85 & 90	7.3%	8.0%
90+	9.0%	9.5%	90 & 93	8.7%	9.3%

The official registration and financial information of Masonic Charities may be obtained from the Pennsylvania Department of State by calling toll-free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement.

Masonic Charities
One Masonic Drive
Elizabethtown, PA 17022

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Ask Alvin In Person!

Catch up with Alvin in person to learn updates on the Masonic Charities of the Grand Lodge of Pennsylvania and more about tax and estate planning.

Oct. 21 - 26, 2018 San Antonio & Dallas, TX

Oct. 30 - Nov. 3, 2018 Tampa, FL

Dec. 3 - 7, 2018 West Palm, FL

Jan. 13 - 19, 2019 Orlando, FL

Jan. 26 - Feb. 2, 2019 Phoenix, AZ

Feb. 10 - 14, 2019 Fort Myers, FL



As Chief Gift Planning Officer of the Masonic Villages in Pennsylvania, Alvin H. Blitz, Esq., serves the Masonic Charities of the R. W. Grand Lodge of Pennsylvania, which consists of the Masonic Villages, the Masonic Children's Home, the Pennsylvania Masonic Youth Foundation, the Masonic Library and Museum of Pennsylvania and the Masonic Charities Fund. Attorney Blitz holds a Bachelor of Science degree from the University of Scranton, a Master of Arts degree from

Fairleigh Dickinson University, and a Juris Doctorate from Dickinson School of Law. He has given estate planning seminars throughout the country and is a member of Carlisle Lodge No. 260, Carlisle, Pa.

**Contact Alvin Blitz: 1-800-599-6454
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