

Relocating? Revisit your planning

If you are new to our state, or someone among your family or friends has just relocated here, we say, “Welcome!” Your move was certain to have been hectic (isn’t everyone’s?), and you still must have a million things to do. Even so, we’d like to make some suggestions regarding your financial and estate planning that, even though they may take some time and effort to put into effect, are, nonetheless, very important. What’s more, even if your relocation dates back a bit, it’s still a good idea to make sure that you have done the following:

1. Reviewed your will. Different states have different formalities regarding the drafting and execution of a will. If, for some reason, the will that you drafted in your former state doesn’t comply with our state law, it could be declared invalid. In that case your assets will pass as if you had no will, with our state’s *intestacy laws* dictating who will receive your assets. The key point to remember is that the beneficiaries chosen by the state’s intestacy laws may not be the ones to whom you made bequests in your now-invalidated will.

When you review your will, be sure to look closely at guardianship designations for your minor children to see if they still are logical in light of your relocation. The same goes for your executor designation. If you’ve named an individual or institution no longer nearby, consider naming us to serve as your executor. There are many good reasons to do so. We’ll be glad to tell you about them.

2. Moved a trust. If you already have established a trust in your former state of residence, we can help you determine whether it might be beneficial from a tax perspective to change the *situs* of that trust. You also may want to consider a change of trustee. By naming us to serve as the trustee of your relocated trust, you’ll have somebody close at hand with whom to discuss your concerns and to keep you informed. Of course, by doing so, you will also enjoy the wide variety of valuable services that we offer our trust clients.

3. Transferred your retirement assets. Are you entitled to a lump sum distribution from a former employer that you plan to roll over into an IRA? If you are, be sure to arrange for a *direct transfer* of your account balance from the company plan in order to avoid unpleasant tax surprises, rather than receive the money in hand. We will be glad to help

arrange for a smooth transition of your retirement plan balance from the plan trustee to the IRA established with us.

Have you already set up a rollover IRA? If you have, we can help arrange for a tax-free transfer of the funds in your current out-of-state IRA to an IRA with us.

In either case (or even if you did not roll over all of your account balance and seek investment guidance with regard to the money), we would be glad to meet with you and tell you about the wide range of investment choices that we offer.

4. Avoided unnecessary taxation. Have you severed all ties with your former state? If not, there may be all sorts of tax issues that you may need to address. Understanding the concept of domicile is important in order to avoid potential tax traps. A critical point: A person has only one *domicile*—your “home” state—yet you may be considered a *resident* of two states during the year. But nothing stops more than one state from claiming that you were “domiciled” there and that you should pay income on your earnings as if you were a resident, rather than a nonresident.

In the extreme, you could even face the possibility of overlapping state death taxes. Again, two states may put forth the claim that you were domiciled there and attempt to levy estate or inheritance taxes.

Other issues may arise as well. Property that you still own in your former state may be subject to tax in that state. A home that is not owned in joint name will be subject to the probate laws of that state.

Therefore, if you maintain connections to more than one state, you’ll want to find out about the steps that can be taken to minimize the possibility of multiple taxation. Consultation with a legal or tax advisor can help ensure that you have only one domicile for tax purposes.

If you have questions or concerns about your estate planning in light of your relocation, we would be glad to meet with you to discuss them.

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Any developments occurring after January 1, 2009, are not reflected in this article.