

# Report #5

As we have done in January for the last six years, and again with the permission of the University of Miami School of Law Center for Continuing Legal Education, we will be posting to this list throughout the coming week highlights of the proceedings of the 37th Annual Philip E. Heckerling Institute on Estate Planning that is being held January 6-10, 2003 at the Fontainebleau Hilton Resort and Towers in Miami Beach, Florida.

A complete listing of the proceedings and speakers is available on the Institute's Web site. The URL for that site is <http://www.law.miami.edu/heckerling>.

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REPORT NO. 5 - Tues Jan 7

First - several hot new items:

- A fact sheet on the President's stimulus proposal can be accessed at

<http://www.whitehouse.gov/news/releases/2003/01/20030107.html>

- The fourth quarterly edition of the Uniform Trust Code Notes has been released. It includes an article by David English on the Kansas adoption of the UTC and an article by Ed Halbach on the duties of trustees.

The newsletter is available on the homepage of the NCCUSL website - <http://www.nccusl.org> - under "Important Documents."

Also, an omission occurred in the introduction to this year's program. Michael Weinberg, of Denver, Co is also one of the panel in the breakout session on Thursday. The correct information should be:

IV-E Split-Dollar Life Insurance  
Lawrence Brody  
Jonathan G. Blattmachr  
Mary Ann Mancini  
Michael D. Weinberg

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The following report has been filed concerning the software vendors who are in the Exhibit Hall this year and other technology news by our on-site Reporter, Jason Havens, Esq. of Destin, Florida, the creator of the Legal Research for Estate Planners Web site (<http://www.jasonhavens.net>). This report continues the coverage of software and some other vendors who are exhibiting at the Institute. Although our reports do not include direct hyperlinks, we would recommend that users search for a particular vendor using a search engine such as Google (<http://www.google.com>).

Following are the highlights from the "second round" among the software and other vendors. These highlights are generally classified in categories that will hopefully prove helpful to list members. A final "round" will hopefully

follow.

#### A. CALCULATION SOFTWARE:

1. Thomson (continued): Thomson also offers the Intuitive Estate Planner, which will probably face serious competition from the new Kugler Estate Analyzer (TM) by Brentmark (mentioned in our first software report for 2003) and the new Advanced ViewPlan by CCH.
2. BNA Estate Tax Planner: BNA's Estate Tax Planner is still available, as is BNA's tax preparation software.
3. Crescendo Interactive, Inc.: Crescendo has long been recognized for its excellent charitable planning software that handles calculations and also produces illustrations of charitable planning techniques.
4. PG Calc, Incorporated: PG Calc offers software for charitable gift planners.

#### B. DRAFTING SOFTWARE:

1. Lawgic (continued): Lawgic also intends to add a list serve and bulletin board feature to serve its users. The addition will emulate the ABA-PTL list serve.
2. Eidelman Associates (continued): EP Expert (TM) will allow a user to "drag and drop" people into various roles in structuring documents, e.g., dragging a person into a fiduciary role as a trustee or personal representative/executor/executrix. EP Expert also handles pronouns, commas, and other common grammatical issues. Several large firms apparently use EP Expert to produce their custom forms based on their own language.
3. Datatech Software, Inc. (continued): ThinkDOCS uses an integrated database that stores answers that users input in dialog boxes. Therefore, if a change is made (e.g., changing a client's name from "Bill" to "William"), the database can prompt the user that a change has occurred and can then apply the change to all of the client's documents. Users can also use templates to make ThinkDOCS more efficient and effective, similar to other drafting programs. ThinkDOCS costs \$695 for a two-user license as of May 2002 (according to Law Office Computing).

Datatech also offers Quick and Easy, a program that facilitates the preparation of tax returns (as listed under category C below). This program will probably become one of the most popular tax preparation packages due to its ease of use.

#### C. TRUST ACCOUNTING & RELATED ADMINISTRATION SOFTWARE:

1. The Lackner Group, Inc.: The Lackner Group, Inc. has consistently offered a single-entry estate administration program known as the 6-in-1 Estate

Administration System. This system produces the 706, 1041, the accounting and inventory for the estate administration, and relevant state tax forms as well.

2. Financial Data Service, Inc.: This program also produces the 706 and 709 transfer tax returns, as well as probate reports and other items.

3. Lynx Software Systems, Inc.: Lynx offers a trust accounting software package to United States and international customers.

#### D. APPRAISAL & VALUATION SOFTWARE:

(N/A for 2003 software report #2)

#### E. RESEARCH SOFTWARE & SERVICES:

(N/A for 2003 software report #2)

#### F. MISCELLANEOUS VENDORS:

1. Advance Choice, Inc./DocuBank: DocuBank (R) offers a secure place to store disability planning documents, such as durable powers of attorney, health care surrogates/durable powers of attorney for healthcare, and living wills. Attorneys can apparently join for free, and will then receive discounts for their clients.

2. Power Presentations: This company offers packaged presentations for estate planning seminars and client presentations.

3. Thomson: Practitioners Publishing Company (PPC) offers a "Basic Estate Planning Complete Engagement Kit" that purports to be a comprehensive tool to understand the basic estate planning techniques and the technology resources to help attorneys advise their clients in a profitable manner.

4. Schumaker Publishing, Inc.: This company markets packaged websites for estate planning attorneys.

If any vendors or any important developments were omitted that we should have mentioned, please stay tuned. We will attempt to cover all items of interest in future reports as time permits. Thank you.

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### **What to Do with Art and Other Valuable Stuff** **Ralph Lerner** **Tues, Jan 7**

The primary issue of the presentation is to make sure the contribution is correctly made so that the anticipated income, estate and gift tax consequences are obtained.

Before making the gift, the donor must determine 4 things:

1. The status of the charitable organization - a public vs private charity
2. The type of property being contributed - capital gain property is best
3. Whether the property satisfies the related use rule, and
4. Obtain a qualified appraisal if the value and type of property so requires.

The donor should write a letter to the charity before the contribution describing the property and asking what use the charity will make of it. Documentation of a related use is necessary to protect the donor's tax deductions.

Remember, if the donor retains too many rights, that the gift may be of a future interest and no charitable deduction would be allowed. Ralph's materials also include checklists for letters to appraisers and forms to be used in making the gift.

Interspersed with a number of great comments and war stories, this program was both entertaining and enlightening.

**Charitable Lead Trusts Re-examined:  
The Dawning of a Golden Age  
Ed Beckwith  
Jan 7**

Ed reviewed of CLTs in the current atmosphere of uncertainty regarding the estate and gift tax and the increasing unified credit amount.

Discussed were Qualified Non-grantor CLT's - those that are treated as separate taxpayers, and Qualified Grantor CLT's - those that are grantor trusts, and finally, Non-Qualified Non-grantor CLT's.

Because for gift tax purposes, a deduction is allowable for the present value of the charitable interest, the lower the 7520 rate, the better.

He discussed the GST effects of such trusts - no GST effects on creation but GST may be due upon termination if the remainder beneficiaries are skip persons. The taxation of the trust and the beneficiaries, and the excised taxes that could be imposed were also explained.

Ed then went through some of the advanced planning considerations. These include opportunities created by the 2001 Tax Act and general planning considerations applicable to CLT's, as well as using the CLT as the family's charitable pocketbook. Finally, he finished with a summary of current developments occurring in this area.

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