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**SUSAN FOLEY APPOINTED  
 UNIVERSITY OF ALASKA  
 FOUNDATION PRESIDENT**

Susan Behlke Foley been appointed President of the University of Alaska Foundation. University of Alaska President Jim Johnsen announced the appointment in August, and Susan joined the Foundation on the sixth of September.

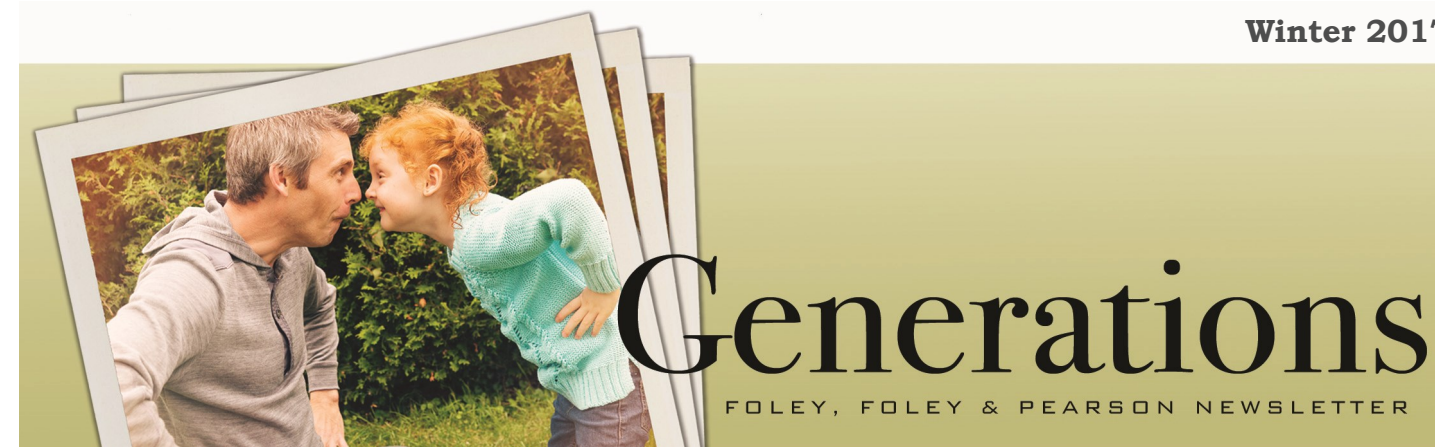


Susan Behlke Foley

Scott Jepsen, chair of the University of Alaska Foundation Board of Trustees, said that "Susan's experience and perspective as a longtime Alaskan with deep experience in philanthropy will be critical for the Foundation's success. We look forward to her leadership."

As a partner in the law firm of Foley, Foley & Pearson, P.C. for the past 28 years, Susan has been active in philanthropic and charitable organizations throughout her professional career. Susan has helped hundreds of Alaskans recognize the importance of philanthropy as part of their estate plan. She was a long time member of the board of directors of the Alaska Community Foundation and served as that organization's interim CEO and president in 2015. She participated as a member of the Planned Giving Goals and Visioning Committee for United Way of Anchorage, and she was the recipient of Alaska's Outstanding Volunteer in Philanthropy Award in 2014 from the Alaska Association of Fundraising Professionals.

"I look forward to working with others at the university as I take on this important role at the Foundation," Susan said. "Alaskans understand the university system is crucial to the future of our state. They agree that education is critical to quality of life, workforce quality, and the ability to retain our brightest. Enhanced giving is key if our university is to carry out its critical mission."



**Generations**  
 FOLEY, FOLEY & PEARSON NEWSLETTER

*Estate  
 Planning  
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*Foley, Foley & Pearson offers two workshops every month for people who want to know more about wills, trusts, insurance, probate, estate taxes, children's trusts, and more.*



*There is no charge and no obligation.*



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*Call us to RSVP at 522-2272.*



**GIFTING**  
**Wise Strategies for Wealth Transfer**

*As we turn the page on another year, it is a good time to review your estate plan and consider making financial gifts to your children and grandchildren.*



**Reducing Your Estate with Annual Gifts**

Making annual gifts has always been an effective way to reduce or avoid estate taxes when you pass away. Even if estate taxes are not an issue for you, making gifts to loved ones can have a huge impact on the lives of your descendants who are attending college or graduate school, trying to save for a down payment on a house, starting a business, or building their own retirement savings plans. Intergenerational gifts are a great way to establish a legacy of generosity that passes from each generation to the next.

In 2017, the IRS will allow you to make annual gifts of up to \$14,000 per person without reporting the gift or paying any gift tax. This amount is tied to inflation and periodically rises in \$1000 increments. If you are married, you and your spouse can give \$28,000 combined, and if your child is married you can double that amount again without the need to report the gift or pay gift taxes.

If you have been holding off on making such a gift because you believe you are limited in how much you can give or are concerned about potential gift taxes, you may want to reconsider your gifting strategy.

For example, assume a married couple has three children, all of whom are married. Husband could give \$14,000 to each child and an additional \$14,000 to the spouse of each child, which totals \$84,000.

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## GIFTING

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Wife can make the same gifts, so together Husband and Wife can give \$168,000 annually to their children and children's spouses. Over five years, this couple would reduce their estate by \$840,000, plus any appreciation on this wealth. If grandchildren were included, the wealth transfer could be substantially more.

### Giving More Than \$14,000 in One Year

If you are single and have fewer children and grandchildren you might want to consider making gifts that exceed the \$14,000 annual exclusion.

For any gift above \$14,000, you must file an IRS Form 709 Gift Tax Return on April 15th of the year after the gift is made. Most CPAs can assist with filing this return. For most people, no gift tax will be paid. That is because in 2017 the IRS will allow every taxpayer to transfer wealth of up to \$5.49 million either during the taxpayer's lifetime (gifts) or after they pass away (testamentary transfer) without paying any gift or estate tax. This exemption is called the "applicable exclusion amount" or "unified credit." We sometimes refer to this exemption as the "coupon" amount. A couple has two "coupons" and can apply a total exemption of

\$10.98 million in 2017 to their wealth transfers.

For example, if you are single and give a child \$100,000 in 2017, a gift tax return will be due on April 15, 2018. The return will show that \$14,000 of the gift was covered by the annual exclusion and the additional \$86,000 will be covered by your "coupon." No tax is due. The only consequence is that your coupon is reduced by \$86,000 and your remaining coupon is worth \$5.404 million for future lifetime gifts or the transfer of your wealth at the time of your death.

*"Most of us can make gifts to loved ones that exceed \$14,000 in one year and not have to worry about ever paying gift or estate taxes."*

Most taxpayers do not have estates that approach or are likely to ever approach \$5.49 million. That means most of us can make gifts to loved ones that exceed \$14,000 in one year and not have to worry about ever paying gift or estate taxes.

If you want to start making annual gifts to descendants, pass valuable real estate to your children, or make larger cash gifts to loved ones, give us a call and we will be happy to discuss this with you.

## BIRTH ANNOUNCEMENT

David Jonathan Pearson

David Jonathan Pearson was born on June 13, 2016, weighing in at 6 pounds 5 ounces. He is the second child born to Bill Pearson and his wife, Becky Windt Pearson. Bill and Becky have each taken time off from work to spend time caring for David and are thrilled to experience the wonder of a growing family.

David enjoys kicking his feet, rolling onto his side, and smiling when given belly tickles. Older brother Sam is delighted to have a younger sibling with whom to play.



David Jonathan Pearson

## UPDATING YOUR SCHEDULE OF ASSETS

*Do you have a current list of everything you own? Is it filed in a location where your loved ones and Successor Trustees can find it? If not, the job of administering your estate or trust is going to be more difficult for the people you leave in charge.*

One of the things that makes modern life more complicated than it used to be is that most people own more things than ever before in more types of accounts and investment vehicles. Most households now own multiple checking accounts, savings accounts, and CD accounts; investment accounts, mutual funds, stocks, government bonds, or DRIPs; IRAs, 401ks, SEPs, SIMPLEs, and pensions; homes, real estate rentals, LLCs, or other business entities; life insurance policies, annuities, and long term care policies; mineral rights, royalty interests, or oil and gas leases; automobiles, snow machines, trailers, four wheelers, and boats; and gold and silver coins or bars, jewelry, collectibles, and art.

Each and every one of these assets is a potential inconvenience for your family when it is time to administer your estate. Your successor agents

will be required to work with third parties to re-title these assets into the names of your beneficiaries or have the assets liquidated and then distributed. Assets are even more complicated when they are located in multiple states.

The difficulty in administering your estate is compounded when there is no clear listing of everything you own. It is not uncommon for people to pass away without leaving any accounting of their possessions, which means that some bank accounts or investments may never be located by the family. It used to be that financial and insurance companies mailed out statements to customers, creating a trail of breadcrumbs that would allow successor agents to locate valuable assets. Today, however, many people have elected to receive statements electronically, which can leave successor agents in the dark about where to hunt for accounts.

Foley, Foley & Pearson keeps a current Schedule of Assets for all of its clients who participate in the **Generations** trust maintenance program. This Schedule of Assets is perhaps the most important document for your family and successor agents because it provides a clear roadmap to the location and value of each asset and outlines the work that will need to be done to administer your estate and trust.



Unfortunately, the Schedule of Assets does not update itself when you open and close accounts, move assets, change your investments, or buy and sell real estate. Updating the Schedule of Assets requires effort. To assist in this process, Foley, Foley & Pearson sends its **Generations** clients a letter every three years with their last Schedule of Assets and encourages clients to provide information about any asset changes that have occurred. Moreover, clients are free to have a "trust audit" at any time or send us new information to keep their Schedule of Assets up to date.

If it has been a while since you have updated your Schedule of Assets, give us a call and ask to schedule a trust audit with one of our paralegals. The review is included in your **Generations** maintenance fee. You can locate your most recent Schedule of Assets in your red estate planning portfolio, right behind the living trust document.