

Second Home Planning Checklist

For Successful Transfer to the Next Generation

IDENTIFICATION OF AN HEIRLOOM

- Location of home
- Does owner plan to sell this home?
- Will the next generation want to enjoy it?
- Of interested family members, who would realistically be able to enjoy this home in the next 10 - 20 years and in the decades beyond?
- Identify who has the talent/time for upkeep.
- Identify a manager (business-like, fair, trusted).
- Identify who is likely to have money to put into the home, year after year? Who likely cannot?
- What is a realistic annual budget - including repairs and maintenance?
- How could money be left for expenses?
- Identify who will work on the financial plan.
- Is owner willing to “lay down the law” about how children/heirs will inherit the property?

FINANCIAL CONSIDERATIONS

- Heirloom and other Real Estate - approx. market value & remaining mortgage(s)
- Who or what entity holds title now
- Is there a plan to pay long-term care expenses for the owner?
- Approx. annual income from all sources
- Financial Estimates:
 - Cash and Savings (non-IRAs & retirement acct)
 - Investments (including annuities, no IRAs)
 - IRAs, 401k's
 - Perm. & Term Life Insurance (client & spouse)
- Approx. annual contribution to savings, investments, retirement

DRAFTING AND TAX CONSIDERATIONS

Identify “AUGUST” Agreement Considerations:

- Allocation of ownership
- Understanding purpose for retaining the property
- Governance
- Usage
- Stewardship
- Transfer restrictions

Identify Tax Considerations:

- Capital gains tax
- Grantor trust (taxable to the creators of the trust)?
- State tax
- Estate tax, federal and state
- Gift tax
- Generation skipping tax if applicable