

Tips By E-Mail: Groups

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We hope you have found our recent website upgrades a benefit for you and your clients. One of the major new features is the addition of "groups".

If you do NOT use groups, a deceased heir's share will go to his successors (selected by you on the questionnaire), but if the heir dies without surviving successors, that share will fall back into the "pool" to be re-divided pro rata among all of the other heirs (except for charities, a special case that will be addressed in our next "Tips By E-Mail"). The advantage of groups is that the assets earmarked for one group will stay in that group as long as any one of them is living; that group's share will not pass to the other group unless all members of the first group are deceased.

Groups are especially useful when two spouses have separate children and wish to keep a portion of the estate within each separate family. For example, the couple may want to divide their assets 50/50, half for the husband's children (or their offspring) and half for the wife's children (or their offspring). You will notice that the division does not have to be equal. For example, the couple may desire to give husband's family 60% and wife's family 40%.

Groups may also be selected by unmarried persons. An example of how groups would apply is when the client wants her sister and brother-in-law to have some of the estate (30%) and her nieces and nephews to have the balance (70%). Without groups, you are unable to keep a deceased niece's share with the other nieces and nephews (assuming the niece's successors are also deceased). The use of groups keeps the 70% portion set aside for nieces and nephews within that group (including the named successors of each, depending upon which default option is selected); the other group (the sister and brother-in-law and their successors) will not get any of that 70% unless all the nieces and nephews and their successors are deceased.

For additional information on this topic, refer to the updated HELP information accessible from the website trust questionnaires, especially the section entitled "FURTHER EXPLANATION AND EXAMPLES OF SCHEDULES E AND F"

(or "SCHEDULES C AND D" for an unmarried person).

As you go forward in gathering information from your clients about how they want to divide their assets at death, you should keep in mind the two-groups concept.