



Technology Probate

Technology—Probate provides information on current technology and microcomputer software of interest in the probate and estate planning areas. The editors of *Probate & Property* welcome information and suggestions from readers.

Effective tax planning requires a careful analysis of the financial and tax implications of various estate planning strategies. Without adequate tools, it is easy to get lost in the numbers. Estate planning calculation software can help attorneys create, compare, and understand the tax and financial implications of various estate planning scenarios. Perhaps more importantly, this software can help attorneys accurately and efficiently illustrate various financial and estate planning strategies to clients, turning esoteric planning concepts into concrete economic decisions.

There are several programs designed to help attorneys and financial planners accurately and efficiently crunch the numbers for their clients. This article reviews a handful of the more popular solutions in today's market.

Intuitive Estate Planner

Donald Kelley's Intuitive Estate Planner (IEP), published by Thomson Reuters, is a robust software suite that performs estate planning and generation-skipping transfer (GST) tax calculations, including state death tax considerations. The software also handles pension accumulation and distributions, charitable trusts, noncharitable split-interest trusts, and planned sales (including self-canceling installment notes and intentionally defective irrevocable trusts).

Anyone who has worked with spreadsheets will be right at home in IEP's navigation structure. Navigation is organized around two series of tabs that are roughly equivalent to worksheets in a spreadsheet. Selecting one of the upper-level tabs opens up a second row of tabs below.

The Client Data tab sets the stage for the remainder of the screens. The top-level tab allows the user to enter

information about a single individual or a married couple. The second row of tabs allows the user to flesh out the client information by specifying the client's family situation, intended beneficiaries, distributions, estate assumptions, and financial assumptions. The data entered by the user on the Client Data screen will influence calculations and projections.

On the Scenarios tab, the user can select from a number of pre-populated scenarios that cover the most often-used calculations. These scenarios include:

- a baseline scenario that includes pension, IRA, and 401k plans;
- an annual gift and nontaxable life insurance scenario;
- gifts to charities, including charitable split-interest trusts;
- a dynasty trust scenario that includes a GST trust and illustrates the effects of accumulations;
- a scenario to illustrate IRC §§ 20132A and 6166 elections, including keeping up with the prior transfer tax credit;
- an illustration of how both probate and nonprobate assets will be distributed among heirs and trust beneficiaries;
- an option to add a grantor-retained annuity trust to the baseline plan; and
- an option to plan for a target retirement date.

The Assets tab tracks IRS Form 706 (U.S. Estate and Generation-Skipping Transfer Tax Return) by dividing assets among a series of schedules that correspond to the schedules on the Form 706. In much the same way, the Deductions tab provides a series of schedules that track the Form 706 deduction schedules, including administration expenses, secured and unsecured debts, and losses.

The Adjustments tab allows the user to input data regarding federal and state tax adjustments. The federal adjustments take into account any prior gifts made by the client. This information can be used to compute the client's remaining unified credit

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and calculate the previously taxed property credit.

The State Adjustments and Inheritance Tax options allow users to input state-specific data that may affect calculations. This includes the ability to adjust the calculations for state-specific items that affect the gross estate, deductions, and credits. IEP currently includes automatic adjustments for states with flat tax rates, and there are plans to add calculations for states with graduated tax rates in the near future. The inheritance tax calculation allows the user to enter any data that is not already built into the program.

Once all adjustments have been entered, the user can make a series of tax decisions on the Tax Choices tab. These decisions include how to determine the marital deduction, including the deceased spouse's unused applicable exclusion amount. Once the initial marital deduction choices are made, the user may allocate the federal and state tax burden among the residue or various specific categories of distributees. Additional options are provided for calculating the federal GST tax assumptions that will be used in future calculations.

The Gifts and Growth tab allows users to project future growth of the estate. This includes the ability to make hypothetical projections of the date of death of each spouse, anticipated gifts to be made by each spouse, the number of donees to whom gifts can be made, and the annual living expenses of the surviving spouse. The user also may factor in planned noncharitable gifts, planned sales, and charitable planning. Each of these projections is integrated into the analysis and affects the estimated estate tax as well as the amounts to be distributed from the estate.

Once all of the data has been entered, the Calculations tab generates a wealth of information that takes into account each item input by the user. There are more options here than with any of the other tabs, but three tabs are most useful:

- The Tax Analysis tab is most useful for tax-driven estate plans. It provides a

chart—which can be condensed to an abridged version—of the tax effect of all of the options previously selected.

- The Inheritance Analysis tab is important part for both non-taxable and taxable estate calculations. It allows the user to illustrate “who gets what” on the client’s death. It establishes a net value that will pass to all heirs after the client’s death (or, in the case of a married couple, after both owners’ deaths). The chart illustrates the amount that will pass to each distributee based on the data the user has previously entered.
- The Financial Analysis tab allows the user to drill down for specific financial metrics, including the current balance sheet, an annual balance sheet, current cash flow analysis, annual cash flow analysis, liquidity analysis, and reinvestment summary.

IEP includes contextual help on each screen, as well as a high-level help menu that provides guidance on how to use the system and how to enter data. It also includes a built-in estate planning treatise that provides a more detailed discussion of many of the concepts referenced in the software. Given the number of options in the software, users will find these help menus to be a valuable resource.

Current pricing for IEP is \$1,375.32 for the first year, then \$1055.16 per year or \$87.93 per month for subsequent years. For more information, visit <http://legalsolutions.thomsonreuters.com/law-products/Other/Intuitive-Estate-Planner-CD-ROM-ed/p/100029224>. The IEP user guide is also available on-line at <http://legalsolutions.thomsonreuters.com/law-products/c/Intuitive-Estate-Planner/p/990001075>.

NumberCruncher

NumberCruncher is a popular calculation program published by Leimberg & LeClair, Inc. NumberCruncher provides users with more than 100 client-friendly illustrations

and explanations to simplify the presentation of complex estate planning and financial concepts.

NumberCruncher is one of the most intuitive calculation programs on the market. The interface allows the user to arrive at the intended input screen with just a few mouse clicks. When the software is first opened, the user can accept the default screen for Estate Planning Tools or choose an alternate screen for Financial Planning Tools. Depending on which option is selected, the user is presented with a list of financial and estate planning scenarios for calculations. The user may then select the appropriate scenario, enter the information, and generate the illustration.

For example, if the user wants to forecast assumptions related to a grantor-retained annuity trust (GRAT), the user can accept the default Estate Planning Tools option and select GRAT from the menu. With a single mouse click, the user is at the information screen for the grantor-retained annuity trust. Help text is provided to walk the user through the relatively short interview process. Once the information is entered, the user can generate results in either a summary, economic schedule, or graphical view. By alternating answers, the user can illustrate a handful of “what if” scenarios to present to the client.

The cost of a NumberCruncher license is currently \$495, with a \$139 annual renewal fee. For more information, go to <http://leimberg.com/products/software/numberCruncher.html>.

Estate Planning QuickView

Estate Planning QuickView—another Leimberg & LeClair offering—is an illustration system designed to inform and illustrate trust-based estate planning decisions. QuickView walks the user through a three-step process for entering basic client information, asset information, and estate plan information. The user may then view various flowcharts, graphs, and reports that illustrate the consequences of the inputs.

QuickView's graphs and charts inform the estate planning process by determining which strategies will reduce taxes to the lowest amount and which strategies will pass the most assets to the heirs. The graphs and flowcharts help reduce conceptual planning strategies to concrete financial illustrations that can be presented to clients.

The cost for a new QuickView license is currently \$249, with a \$59 annual renewal fee. For more information, go to <http://leimberg.com/products/software/quickView.html>.

EstateView Software

EstateView Planning Software is a new entrant into the estate planning and calculation software field. EstateView's most striking feature is its elegant user interface. The software uses a multi-window design that incorporates a modern feel and strikes the right balance between user-friendliness and advanced customization options. Beginning users can jump right in and start using the software right out of the box. More advanced users have a wide range of customization options, including the ability to undock, hide, or reposition displays to match their personal preferences.

The user experience is further enhanced by simultaneous data updates across multiple screens. As the user enters information and tries out various scenarios, the relevant displays are instantly updated to show the results of the changing assumptions. This makes it easy for the user to make the necessary adjustments to achieve the desired results.

EstateView has preset scenarios to help design and illustrate the most common estate planning options. Baseline scenarios for a married couple include:

- no planning (which can be configured with or without portability),
- use of a credit shelter trust,
- use of a credit shelter trust with annual gifting,
- use of a credit shelter trust with discounted annual gifting,

- combination of a credit shelter trust, discounted annual gifting, and one or more irrevocable life insurance trusts, and
- installment sale to a defective grantor trust using a conventional or self-canceling installment note (with the ability to toggle grantor trust status in a given year).

These scenarios allow the user to illustrate most-often-used estate planning strategies with ease. Changing any of these scenarios will change the current illustration, which remains open throughout the entire process. This provides instant feedback without having to toggle between different screens.

EstateView makes it easy to generate a customized client letter to explain estate planning scenarios to clients. Once all information is entered, the user can generate a client explanation letter that uses color illustrations to explain the estate planning techniques involved. This letter can be saved as a Microsoft

Word document and modified as necessary before presentation to the client. If the estate planning assumptions are changed at a later time, a new letter can be easily produced to illustrate the new scenario.

EstateView is still in the beta testing phase and is currently free for use by interested planners. Interested professionals can e-mail estateview@gassmanpa.com and receive a link to download a free 180-day trial version of the software. ■

Vendor Information

The Intuitive Estate Planner:
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