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Estate Planning Proposal

Dear Sarah and Michael,

It was a pleasure meeting you yesterday. Based on the information I have at this early stage; I would recommend the following documents for your estate plan. Along the way, we would also discuss how the plan affects each of your assets, best practices for preserving the documents, etc.

Will

Since you plan on leaving your assets mainly to each other, and then to your child(ren), we would include a trust within the will for the child(ren). Trusts included within wills are called “testamentary trusts.” For a testamentary trust, you’d continue holding your assets in your individual name now, and the trust would come into being when the will goes into effect if property does pass to your child(ren). This trust is included in the wills’ fee.

Life Planning Documents

The other documents we discussed are often drafted as part of an estate planning package. This is more economical than doing them alone since I’ll already have most of the information needed. They are “life planning documents,” in contrast to a will, because they are used during periods of incapacity during one’s lifetime. They include:

1. **Health Care Proxy** – Recommended for all clients. This appoints a health care agent and a successor agent (“backup”) to make medical care decisions on your behalf if you are incapacitated and gives s/he full powers to authorize care such as withdrawing life support. It’s a simple but essential document.
2. **Living Will** – Recommended for clients who have detailed wishes about the type of care they do and do not wish to receive, should they become incapacitated or terminally ill. Other benefits can include minimizing family disputes and reducing the burden of making these weighty decisions on your health care agent.
3. **Power of Attorney** – This document empowers an agent to manage your finances. Whom to appoint and what powers to grant are important decisions. The benefits are that someone can access and manage your assets

quickly if you become incapacitated and preserve your assets for your family if you need to qualify for Medicaid. The alternative is the court appointing someone as your guardian, which would take much longer. But you should only give someone power of attorney if you trust them fully.

Irrevocable Life Insurance Trust (“ILIT”)

A life insurance trust document is separate from the will. For a separate trust, certain assets are usually acquired or retitled in the name of the trust during your lifetime. Irrevocable trusts like life insurance trusts are often used to minimize estate tax. You should purchase the policies *initially* in the name of the trust for maximum tax benefit (rather than transferring them to the trust later). The trust would also be the beneficiary on the policies. Since you intend to purchase life insurance policies with a total amount of 3M and your other assets total 2M, we should consider a life insurance trust.

Your children would be the beneficiaries of the trust, and a trustee would manage the proceeds for them. We would discuss which of your family members or close friends are the best candidates for primary and successor (backup) trustee. You would confirm that those people are willing to serve as trustees. I would coordinate with your insurance broker (or financial adviser) to ensure the policies and beneficiaries are titled properly.

Recommended Documents: I recommend wills, health care proxies, and powers of attorney. Let’s discuss further whether living wills and/or a life insurance trust are right for you.

Fee Structure

I use a hybrid fee structure.

Drafting (flat): How long it will take me to draft a document is somewhat predictable. The drafting fees also incorporate my reviewing the documents with you and the documents’ execution.

Other time (hourly): How much consultation time a client will need varies widely though. How much coordination time is required with other professionals, such as accountants or other lawyers, also varies. The time needed to review outside documents is also less predictable (for example, a prenuptial agreement could be 15 pages or 50 pages). So, time outside of drafting is billed hourly. My hourly rate is **\$375** (preliminary consults are reduced).

I believe that we have worked together efficiently so far and will continue to do so.

Fee Estimate

My best estimate at this early stage is:

<i>Activity</i>	<i>Hours Required/Flat Rate</i>	<i>Fee</i>
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Preliminary Consult (completed)	Flat rate	\$350 (paid)
Review of Prenuptial Agreement	0.5 hrs.	\$187
Full Consultation	1 hr.	\$375
Wills - drafting	Flat rate	\$2,300
Health Care Proxies - drafting	Flat rate	\$500
Powers of Attorney - drafting	Flat rate	\$750

TOTAL (ESTIMATE): \$4,462

BALANCE: \$4,112

Additional documents

Living Wills: \$500

Life Insurance Trust: \$3,750

Half of the estimated fee is due when you sign the engagement letter, and the remainder is due once I've completed the draft documents.

Please let me know if you would like any clarification. To learn about the steps in the estate planning process, please see [FAQ section](#) or download **Estate Planning Demystified**.

All the best,

Bracha