

An Introduction to Estate Planning

By James Green and Nichole Davis

ND: Hello James Green. Please, tell our readers a little bit about yourself. What are your interests professionally and personally?

JG: I am both an economist and an attorney. I received a master's in economics from the University of Maryland and did advanced training in economics at the University of Chicago. My areas of specialization were finance and international economics. I received both a J.D. and an LL.M in tax from Georgetown University, with a specialization in estate planning. African-American and world history are my interests, outside of work.

ND: What, in laymen's terms, is estate planning?

JG: In laymen's terms, estate planning is the method of planning for your retirement, protecting your possessions from other people and controlling who gets your possessions, when they get them, and under what conditions they get them; both before and after your death.

ND: How did you first become interested in estate planning?

JG: My interest in estate planning and taxes stems from a number of observations. First, there are not many minorities in this area of law. Second, I believe that the importance of early estate planning is not clearly understood by planners or attorneys. I also believe that economic and demographic trends will play a more of a role in the development of new estate

planning vehicles. Third, the demographics of our society are changing and the population is becoming older as the baby boomers move through their 40s and 50s. This will lead to more emphasis on estate planning.

ND: What exactly does an estate planner do?

JG: An estate planner can help a person protect their investments and assets from creditors and other legal entanglements, by placing the assets in trusts, wills or other entities. Planners assist in transferring possessions from one generation to the next without facing a severe tax burden. Estate planners also assist in planning for medicare, medicaid and other health care issues. Perhaps most importantly, planners help to avoid the confusion that occurs when a person dies without a will otherwise known as probate.

ND: You mentioned wills. How frequently do you write them?

JG: Wills are probably the most often produced items for estate planners, and it is something that most people take for granted. Wills help distribute a person's possessions without bickering among family members.

ND: But aren't wills often contested?

JG: It is true that wills can be contested by family members if they think the distribution of jewelry or other possession was done under duress or insanity or other conditions which may

alter a deceased person's mental faculties. That's reason planners recommend the use of trusts.

ND: What are trusts?

JG: I could write a book and still not explain everything...

ND: Sounds a little complex...When should people begin estate planning?

JG: Estate planning should begin no later than the time a person begins having possessions which can be transferred to others or possessions you want to protect, it is not simply something to think about when you are nearing death. If you become incapacitated in an automobile accident your assets may be at the disposal of creditors or lawsuits; therefore, the importance of early planning cannot be overstated. You work hard for your possessions; there is no reason to let them fall into the wrong person's hands.

ND: In the course of advising

clients, would you pick investments for them?

JG: As estate planners, we do not pick investments for clients. That is usually left for other professionals. What estate planners can do is help a person determine what vehicle to use for holding certain possessions. For example, I may recommend a family limited partnership, limited liability company, or other legal entity to accumulate a particular asset, such as real estate. Each entity has advantages which may be useful for a client's current and future possessions.

ND: Let's talk about blacks and estate planning. Historically, have blacks planned their estates as frequently as whites?

JG: American history and economics determine the degree and magnitude of estate planning by African-Americans. Historically, most blacks were not allowed to own such assets as real estate or other property,

so most of the assets were probably held in their human capital, such as their knowledge or experience of the job. Education was also limited. Therefore most blacks have had a later start at accumulating certain assets to transfer to their children and less education about its importance.

ND: Is this situation changing?

JG: Yes. As income levels for the average African-American family increase, there is probably less discrepancy between what white families do with regards to estate planning and what blacks do with regards to estate planning. My experience tends to indicate that black professional families are just as interested in protecting their assets from lawsuits, creditors and taxes as white professional families. My experience indicates that African-American families also want to transfer their assets to

their children and remaining spouses without a large tax bite, just as white families. This is both a function of similar income and education levels.

ND: Is estate planning an emerging issue in the black community?

JG: Yes. As African-Americans become more aware of the diverse aspects of estate planning, it will become more important to the community. Statistics show that African-Americans enter the labor force earlier than whites and die earlier than whites making the need for early accurate estate planning crucial.

ND: On that note I'd like to thank you for taking some out to talk to us about this topic. I'm sure our readers will be able to use the information.

James Green is an estate planner at Jeffrey L. Burr and Associates, southern Nevada's largest estate planning firm, and is licensed to practice in Illinois.

NATIONAL NEWS BRIEFS

JESSE JACKSON JR. WINS ILLINOIS PRIMARY

CHICAGO — Jesse Jackson, Jr., son of renown civil rights leader Jesse Jackson, won Tuesday's Democratic primary election for the House seat vacated by Mel Reynolds, who is serving a four-year prison sentence for sexual assault.

With 93% of precincts reporting at press time, vote counts showed Jackson ahead with 48%.

Jackson, 30, won not only in Chicago's southern suburbs but also on the home ground of city ward leaders, remnants of the Democratic organization his father fought for years.

Jackson, who has never held public office, last month overtook two other strong candidates, state senator Alice Palmer, 56, and Democratic leader in the state Senate Emil Jones, 60, a 22-year veteran in county politics.

★★★★★

YOUTHS SENTENCED IN MURDER CASE

CHICAGO — Two Chicago boys — ages 11 and 12 — were ordered to a youth home for at least 10 years for throwing Eric Morse, 5, from the 14th floor of a high rise. He reportedly had refused to steal candy for the two youths. The boys were found delinquent of murder in the 1994 death.

★★★★★

MOTHER INDICTED FOR KILLING DAUGHTER

NEW YORK — In a case that even shocked crime-weary New Yorkers, Awilda Lopez, has been indicted in the death of her 6-year-old daughter Elisa Izquierdo.

Police say Lopez beat and burned Elisa, whom she called Satan, and used the child's head as a mop. Child welfare officials have been criticized for doing little to help in the case.

★★★★★

ONE MILLION BLACK MEN IN WASHINGTON NETS NO POLITICAL CHANGE

WASHINGTON — More than a month after the Million Man March filled our nation's capital, Washington elite continue to ignore the need for a new approach to racial harmony by simply ignoring the issue.

After declaring "we owe the country a follow-up," President Clinton has opted not to form either a White House conference committee or an independent commission.

"He doesn't want a commission to be just a way to put off action," said one senior official. "It shouldn't be just an excuse to sit back and push everything over to some group to decide."

Instead, the president decided to maintain current policy. Polls indicate that while people liked his speech on race relations, clear cut action on this issue was not popular.

In Congress, where various members called for a new approach after the Oct. 16 gathering, talk on the issue has almost been drowned by the rising commotion over the 1996 budget.

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HOWARD PROFESSOR ORGANIZING BLACK POLITICAL CONVENTION

WASHINGTON — Howard University Professor Ronald Walters is organizing a national black political convention to be held next August after the major parties convene. The goal of the convention, which is still in the early planning stages, would serve as a forum for evaluating the platforms of both parties.

Said Walters, "I could see Bill Clinton having goose bumps about the possibility of a convention after his that would intervene into his relationship with black voters and maybe steer them another way."

Organizers expect to pick a location soon. Memphis, St. Louis, Detroit and Birmingham have been discussed.

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