

What does estate planning mean to you, your farm?

BY SHEILA MILLER

LITITZ — Estate planning— these two words have taken on a new meaning for a lot of Pennsylvania farm families.

The importance and interest in estate planning can be seen by looking at the calendar of events of many farm organizations, banks, and the county Extension. Barely a week goes by that there isn't a meeting somewhere on this topic.

So what is estate planning? To find out, let's start with the basics.

If we look at the two words that make up estate planning, we might get a very simple definition of what it involves.

Relying on the expertise of Webster, we go to the dictionary and find that the word estate can be defined as 'possessions or property, especially a person's property in land and tenements'. It also includes in the definition the fact that an estate is the assets and liabilities left by a person at death.

Now, let's look at the word 'planning'. Webster tells us that planning means 'to arrange the parts of'.

Combining the two definitions, we see estate planning is the process of arranging a person's assets and liabilities they will leave after their death to their heirs.

An over-simplification of a complex subject? Yes, but Webster gives us a base on which to start building the system. By taking it one step at a time, you'll be able to watch the planning process proceed from start to finish, pulling out the parts that fit your life.

Now, let's go back to our

experiences and memories for some more information on estate planning.

In books and novels about the past, we read how wealthy people in days gone by simply wrote their wills on a sheet of parchment. And upon their death, their wishes for the division of their personal property were solemnly carried out by the town's magistrate or their family lawyer.

In today's world, death and all its problems are not so easily solved. Estate planning and inheritance regulations have become more complex.

The government, seeing a source of income slipping through its fingers, stopped the passing down of family fortunes without taxation.

In the United States, the

government took the necessary action to implement the first federal estate tax in 1939.

The first set of stumbling blocks in estate planning were laid down with that legislation. Ever since then people have been trying to figure out what an estate involves, and how they can successfully pass on their farms and businesses to the next generation without paying too many taxes.

According to B. Wayne Kelly, an Extension Agricultural Economist at Penn State, an estate includes: real estate, cash, checking account, savings account, bonds, stocks, certificates of deposit, insurance, pension benefits, retirement benefits,

revocable trusts, household property, automobiles, personal properties, machinery, livestock, and any gifts made to others within three years of the person's death.

No sooner has death occurred than property of the deceased in the above categories is 'frozen' and the Federal Estate Tax is invoked. The value of the property is determined by an appraisal, and taxed accordingly.

Without proper estate planning, the taxes levied on the estate of the deceased, now referred to as a decedent, can consume all that the individual has worked and struggled for during his or her lifetime.

Next week's Lancaster

Farming will take a closer look at the Federal Estate Tax and its 1976 revision.

The continued series will be found in the front of Section B.





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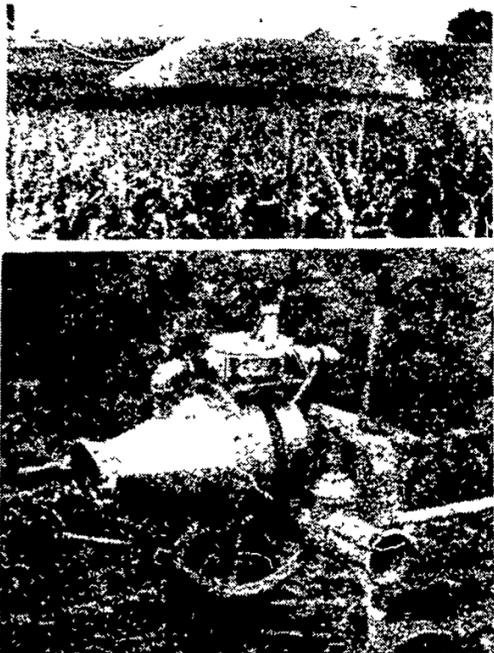
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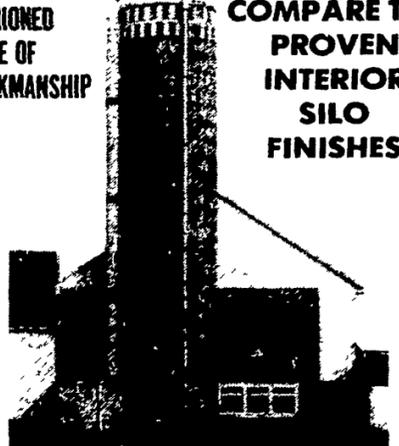
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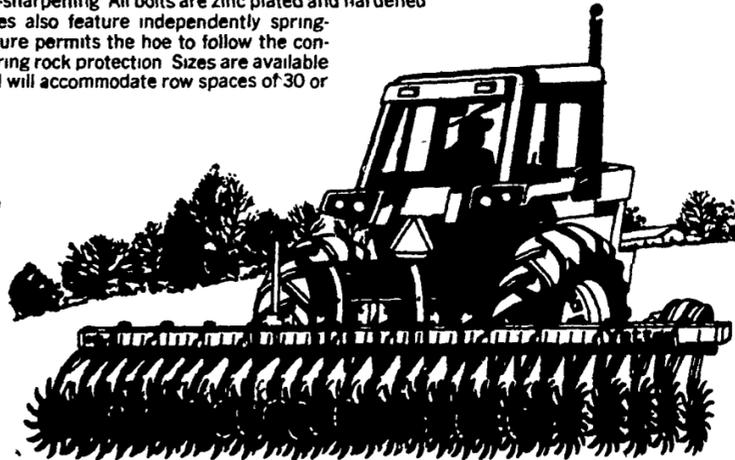
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