



Maryland Wills & Trusts March 2009 Update

Note: This update letter is a summary of the major changes to the program. Numerous non-substantive changes were made to the program, including formatting changes and fixes to issues left over from a prior update or requested by customers.

Legal Developments

Increased Federal Tax Exemptions (effective January 1, 2009)

Applicable Exclusion Amount at death: \$3,500,000
GST Exemption Amount: \$3,500,000
Annual Exclusion: \$13,000

Updated Product Features

More Options for Disclaimer Will

The latest version of Lawgic presents the user with more options and greater flexibility. Based on feedback from loyal users who prefer to have more choices in the documents several questions will no longer be pre-answered or overwritten for the Disclaimer Will. These include items such as (among others) use of Special Trusts and the long list of Fiduciary Powers. *See Question Help at Question 2 for a complete list.*

Neutral H/W Pronouns Question For Edited Mirror Documents No Longer Pre-Answered

While Lawgic already provides an automated way to create mirror documents for each spouse by simply changing the answer to Question 18 (Client Identity/Gender), this question enables you to create mirror wills or trusts if you plan on heavily editing the document for the first spouse by using placeholders in the document. When you start a new answer file, this question is no longer pre-answered (previously the user had to go to the question independently) although the default is still set to "No." We recommend you review Question Help at this question which details how to use this powerful feature. *Question 83.*

New and Revised GRAT and QPRT Text and Questions

Revisions made to questions, Law and Strategy and text relating to GRATs and QPRTs, including the following:

- (GRAT) - You may allow conversion of annuity payments to a calendar year basis (instead of limiting to the anniversary date).
- (GRAT) - Allows for a deferral of annuity payment in Trustees' discretion.
- (GRAT and QPRT) - A Power of Appointment over the remainder can now be included in a QPRT. A new warning alert screen has been added for the GRAT for married clients recommending the creation of a GRAT Codicil.
- (GRAT and QPRT) - A direct question has been added referring to a Receptacle Trust and its identification.
- (GRAT and QPRT) - The Spendthrift Clause is removed in certain trusts, specifically when a Receptacle Trust is used.
- The provisions dealing with the distribution of the trust assets at the end of the term have been revised (if not using a Receptacle Trust).
- The right for a Trustee to alter a beneficiary's right to receive distributions has been eliminated for the GRAT, QPRT, Trust for Minor and Grandchild's Trust.
- The Incorrect Valuation provision has been expanded to cover distributions of property in satisfaction of the right to receive an annuity.

Questions 126, 127 and 128 and Question 194 through Question 201.

New Option to Limit Nonmarital Gift

This question is only asked if a Tax Formula is selected; it adds the phrase "if I die at a time when there is no Federal Estate Tax, the sum of \$3,500,000 to the Formula Gift, so that the formula does not pass all the estate assets the nonmarital gift if the estate tax has been repealed. *New Question 284.*

New 'Applicable Law and Trust Situs' Article Added

The program currently contains a "Transfer Situs" provision in the "Fiduciary Powers" article and an "Applicable Law" provision in the "Miscellaneous Provisions" article. These two provisions will now be replaced by a new "Applicable Law and Trust Situs" article (and related questions) whenever a trust is created in the will or any of the revocable or irrevocable trust documents. Provisions in the new article include Validity; Construction, Principal Place of Administration, Determining and Transferring Situs, and Substitute Trustees. If no trusts are created then the current "Transfer Situs" and "Applicable Law" provisions will be included instead of the new "Applicable Law; Trust Situs" article. *New Questions 942 through 947.*

New GRAT Codicil Added

When a married client executes a GRAT, it is recommended that the client execute a codicil to his or her will that will ensure the availability of the marital deduction for whatever portion of the GRAT is included in his or her gross estate if he or she dies before the end of the GRAT term. The New York editors strongly recommend creating a separate GRAT Codicil after drafting the GRAT. This new document is available by selecting "GRAT Codicil" at Question 2 (Wills). The GRAT codicil permits the client to specifically bequeath the remaining GRAT and to appoint the GRAT remainder either to his or her surviving spouse outright or to a marital trust. *Question 2 and New Questions 1025 through 1029.*

New GRAT Codicil Template Added

A new GRAT codicil template named "GRAT_receptacle.xmp" has been added to expedite the creation of a GRAT and GRAT codicil. It can be accessed by selecting Templates at the Select Title/File screen.

Provisions Governing Trustees, Fiduciary Powers, Administration and Construction, Miscellaneous Provisions Articles Revised

Some of the provisions in the Provisions Governing Trustees, Fiduciary Powers, and Administration and Construction articles have been clarified and new provisions have been added.

* * * * *

To view those questions that are new in this update, or where **Law & Strategy**, choices, or default answers have changed, use the "**Up_Mar09**" flag file. From inside Lawgic, open any existing answer file; on the **Flags** menu, click **Open Flags**, select the appropriate Title (click **OK**), and next select the "**Up_Mar09**" flag file (and click **OK**). To view all flagged questions, click **Expand All** on the **Answers** menu and scroll the Navigator. Flagged questions will be indicated with **bold text**.

Please continue to send us your suggestions on existing or new products. Contact our Technical Support Department at 1-877-2-LAWGIC (252-9442) or e-mail us at support@lawgic.com.