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MESSAGES from the Masters

HOW TO PUT YOUR KIDS (OR GRANDKIDS) ON THE FAST TRACK TO SUCCESS by Chris Widener

Working with adults (as well as children and teens) for the past 12 years, I have noticed that there are just a few primary struggles that most adults face. I also see how better training as a child and teen could have given them the skills and attitudes that would have prevented the problems that they now face.

The primary areas adults struggle with are:

1. Money, primarily debt
2. Lack of disciple, or the inability to do what they want to do, be it weight, money, work, etc.
3. Relationships

As I see it, much of the way we live our lives is groomed as we grow up. And while we can certainly change, it is harder to do the older we get. The good news? We can put our kids on the fast track to success by diligently applying some basic success skills.

To have successful relationships:

- Show them unconditional love.
- Teach them manners.
- Help them learn to forgive.
- Help them to be able to focus on and serve others.

To have successful finances:

- Make them EARN money.
- Have them give money away.
- Teach them about investing.
- Teach them to delay self-gratification.
- Teach them to never have any debt!

To help them be successful in discipline:

- Have them do certain tasks/chores on a regularly scheduled basis.
- Let them experience discipline and consequences.
- Don't protect them from losing.
- Teach them to eat right and exercise.
- Teach them to make tough decisions and learn to say "no."
- Encourage them to risk failure and try new things.
- Pitch the TV.



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Looking Ahead...Wills and Trusts

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA 2001) made numerous changes to the federal estate tax. These changes are being phased in from 2001 to 2010, culminating with the repeal of the estate tax in 2010. The complicating factor for your estate planning purposes, however, is that the entire Act will automatically terminate, or "sunset," at the end of 2010 unless a future Congress extends its provisions. If the Act sunsets, 2001 tax rules will then apply in 2011, as if the EGTRRA 2001 had never become law, meaning that the federal estate tax will be reinstated in 2011.

What impact does the repeal of the federal estate tax for one year in 2010 have on wills and trusts?

Estate Tax Repeal...

Provisions in wills or trusts may divide property based on tax provisions.

For example, in order to take full advantage of the unified credit, a will may specify that an amount equal to the unified credit equivalent be placed into a credit trust at the first spouse's death.

Since the Act repeals the estate tax for 2010, wills and trusts should be reviewed to determine that property will be distributed as intended if the estate owner dies in 2010 when there is no estate tax.

Transfers in Trust in 2010...

Any transfer in trust in 2010 will be treated as a taxable gift unless the trust is wholly owned by the donor or the donor's spouse under the grantor trust rules.

This may mean, for example, that transfers in trust that are not currently treated as taxable gifts, such as annual exclusion gifts and qualified transfers for educational or medical expenses, will not qualify for the gift tax exclusion in 2010 if, for example, the holder of a Crummey power (other than the donor's spouse) is treated as the owner of a portion of the trust.

Your estate plan, including wills, trusts and life insurance, should be periodically reviewed to ensure that it continues to meet your needs and objectives.

The purpose of this newsletter is to provide information of general interest to our clients, potential clients and other professionals. The information provided is general in nature and should not be considered complete information on any product or concept described. For more complete information, please contact me (Office: (715) 627-4302).