FOCUS ON LAW & ACCOUNTING

Strong collaboration comes down to open communication

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Special for Lehigh Valley Business

Open dialogue between financial and legal advisers enables the entire team to be on the same page.

The estate lawyer and the financial adviser are a critical team, working together to ensure a client's well-being, not unlike doctors in an operating room.

As in other relationships, the key to successfully serving their mutual clients lies in open communication between the parties.


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It is imperative that a financial adviser fully understand her clients' estate plans. Ideally, the financial adviser should speak directly to the estate attorney so that she knows how the attorney envisions the plan to work.

Open dialogue between financial and legal advisers enables the entire team to be on the same page.

If, for example, the estate attorney is unfamiliar with some of the more intricate rules for beneficiary designations on an annuity contract and the client requests the funds pass directly to a trust but still wants to receive special tax treatment, the financial adviser can be a knowledgeable resource for the estate attorney and client.

When communication between advisers and clients is lacking, documentation might be mishandled – resulting in significant costs to the client. If a beneficiary designation on a retirement plan document is completed incorrectly or not at all, the result may be dramatically different from what was intended, and the tax consequences can be devastating.

If a client has a revocable living trust, for example, the financial adviser should reach out to estate lawyers for instructions on how to properly title the clients' assets, such as checking accounts, real estate holdings, simple securities and investment accounts with the exact trust name.

CONTINGENT BENEFICIARIES

Without proper titling, clients may end up with assets not being distributed as the client had envisioned, owing probate fees and may not benefit from the tax savings offered by using a trust.

It is one thing to create a trust, but if accounts are not properly titled in the trust's name, thereby "funding" the trust, the trust may not include all of the assets intended for it.

Additionally, in the event that a spouse (or primary beneficiary) dies before the other, it is critical that financial advisers seek input from estate attorneys to ensure that contingent beneficiaries are designated and properly titled on all asset accounts.

FUTURE GENERATIONS

In another scenario, if a financial adviser anticipates that a married client's assets will exceed the death tax exclusion amount, she can notify the estate attorney – who can then protect those assets by creating a marital and residuary (also known as a "family") trust.

These trusts can benefit the surviving spouse and then possibly their children (and sometimes nieces and nephews), and then grandchildren and future generations.

For death tax purposes, the residuary trust's assets are valued at the time of the first spouse's death, and the appreciation of those assets will not be "death-taxed" upon the second spouse's death.

FIRST, USE OWN ASSETS

In the meantime, the second spouse should use his or her assets first and save the residuary trust as the nest egg fund of last resort. In so doing, when the second spouse dies, there are fewer assets to be taxed and more will have built up inside the residuary trust.

Again, to ensure that clients' assets pass

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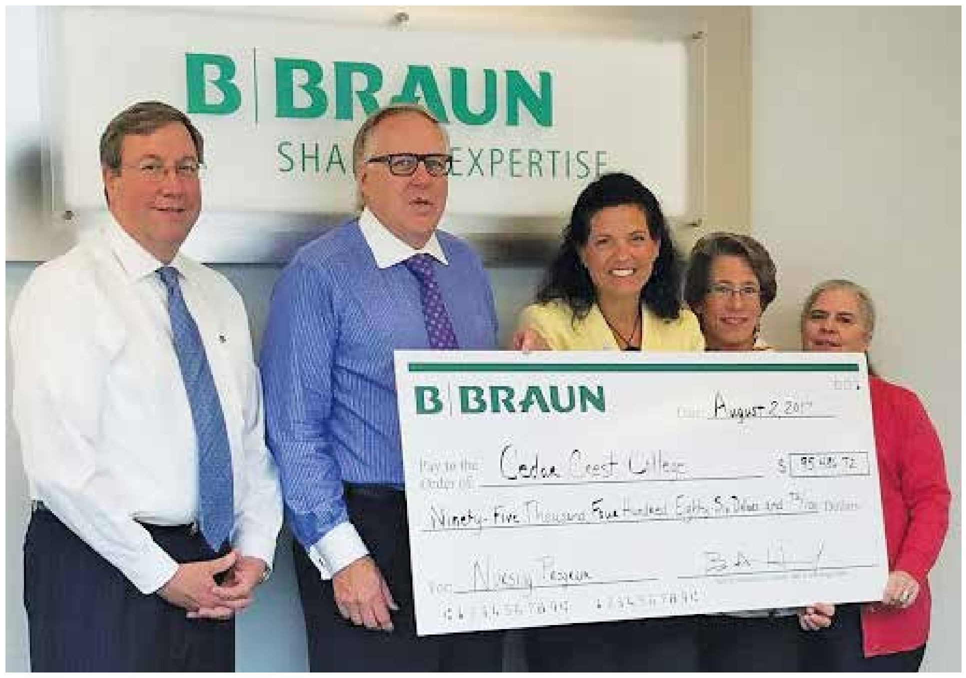
PEOPLE: out and about, in the community and other noteworthy sightings

PPL gives $5K to Via of the Lehigh Valley
PPL Foundation awarded $5,000 to Via of the Lehigh Valley's 'Reading Together at Home' program to help children be better prepared for school. The program provides early literacy skills instruction and support to parents and children younger than 6 who live in Allentown. Pictured from left: Carol Obando-Derstine, regional affairs director, PPL Electric Utilities; Marie Andrew, director of children's services, Via of the Lehigh Valley; and Vickie Nisbet, chief development officer, Via of the Lehigh Valley.



B. Braun donates nursing equipment
B. Braun Medical of Bethlehem donated more than $92,000 worth of equipment to the nursing department at Cedar Crest College. The equipment includes dozens of IV pumps and poles, operating room pumps and disposable supplies. Pictured from left: Bruce Heugel, senior vice president and chief financial officer, B. Braun; Chris Donigan, senior vice president of human resources, B. Braun; Wendy Robb, associate professor and chair of the nursing department, Cedar Crest College; Eileen Fruchtl, nursing instructor, Cedar Crest College; and Susan Arnold, vice president for institutional advancement, Cedar Crest College.

Friends of Reading Hospital raises $85K
The Friends of Reading Hospital hosted its 16th Annual Tower Golf Classic at LedgeRock Golf Club in Mohnton, raising $85,000 for Reading Health System's Street Medicine Program. Pictured from left: Clint Matthews, President and CEO of Reading Health; Betsy Power, chairman of the Tower Golf committee and board member of The Friends of Reading Hospital; Dr. Anthony Donato; Dr. Sarah Luber; and Lil Murphy, chairman of the Tower Golf committee and board member of The Friends of Reading Hospital.

Seltzer Group donates to Community Services for Children
The Seltzer Group, an insurance provider with five Greater Lehigh Valley locations, donated $1,000 to Community Services for Children of Allentown to help fund its programs. Pictured are John T. Campomizzi, vice president of business development at The Seltzer Group, and Paula Margraf, president and CEO of Community Services for Children.

DEPAOLO

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Swain School and KidsPeace.

LVB: Does Werner & Co. CPAs provide its services solely in the Lehigh Valley, or does it expand into other markets? Who are some of its most notable clients in the region?

DePaolo: Many of our clients are here in the Lehigh Valley and surrounding counties. We do have clients in manufacturing and professional services and the retail industry operating in multiple states and/or living across the country.

With the changes in technology, we can do business anywhere there is an internet connection.

In addition to the industries just mentioned, we serve the real estate industry, financial advisory firms, craft brewers, landscaping companies and private medical practices.

LVB: What does the future look like for Werner & Co. CPAs? Does it have plans for growth?

DePaolo: The future of our profession in whole is bright, and while there will be plenty of changes as automation grows and becomes more involved in all our lives, I don't believe there will ever be a substitute for client interaction.

Computers can do many things to make our lives easier, but by sitting with clients and helping them with their business, we gain insight and build strong, trusting relationships. In turn, that helps us use our experience to help them avoid problems we've seen in the past.

For those and many other reasons, there will always be a significant human element to our practice and the accounting industry.

As for growth, we welcome that small-business owner looking to learn new things, grow their business and take some of the burden off their already overflowing plate.

MORE AT LVB.COM

Video: Kristofer M. DePaolo talks about the services provided at the accounting firm.

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to whomever they want in the way that they want, estate attorneys and financial advisers must coordinate carefully.

Keeping open those lines of communication is the key.

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