



Case Study:

HAROLD AND MAUDE KUTCHER

FAMILY ESTATE PLANNING

February 16, 2021

Presented by:
Tony Owings CFP® CDFA®
Legato Financial

-
- Please take a few moments to familiarize yourself with the case facts that follow.
 - What issues would you address in the estate planning process?
 - How would you resolve these issues in the client's plan?

CASE STUDY: THE HAROLD AND MAUDE KUTCHER FAMILY ESTATE PLANNING

SOUTH PLACER ESTATE PLANNING COUNCIL

February 16, 2021

Subject Family:

Harold, 45, and Maude, 71, have been married for 20 years. They live with their adopted daughter Lily age 15 who was diagnosed with autism at an early age. Maude has two children from her previous marriage to her deceased husband Shane: Charlie 50 who works in the family business and writes TV jingles part time and Allan 46, a former chiropractor and an alcoholic drug abuser with an unstable life. Allan is married to Judith who is no better than he.

Assets:

- **Family Business:**

A jewelry business started by Maude and her deceased husband Shane. Maude, Harold and Charlie work in the business full time. An appraisal was performed 5 years prior valuing the business at \$2,500,000. The business is set up as an LLC with Maude as the President and sole owner. Her hope is that the business will continue when she passes but she is concerned because Charlie and Harold do not always get along and she hopes that someday this will change.

- **The Family Home:**

\$1,750,000 Granit Bay Home (estimated from their 2020 Placer County property tax statement).

- Purchased by Maude and Shane.
- Paid off 10 years into current marriage.
- Titled in Maude's previously married name.

- **4 Rental Houses in Rocklin:**

- \$1,675,000 valuation.
- Purchase with Shane and still titled in joint name with him.

- **Bank Accounts:**
 - \$1,285,000 joint savings.
 - \$45,000 checking.
 - \$10,000 1-year CD.
- **Cybercurrency:**
 - \$285,000 in Dogecoin.
 - \$500 in Bitcoin.
- **Joint Brokerage Account:**
 - \$1,250,000 all in Tesla common stock.
- **Maude – IRA:**
 - \$2,565,000 – Beneficiary, Shane her deceased husband.
 - Invested in Game Stock and AMC Theaters.
- **Harold – IRA:**
 - \$250,000- Beneficiary, his mother.
 - Invested in a Robinhood day trading account.
- **Collectables:**
 - A highly prized antique collection of gold and ivory inlaid tea spoons that they estimate to be worth -\$50,000.

Income:

- \$250,000 per year salaries (Joint).
- \$76,950 current year RMD (Maude).
- \$31,704 per year Social Security (Maude).

Insurance:

- Maude - \$250,000 20-year term life insurance purchased at time of Harold and Maude's wedding.
- Harold - \$1,000,000 15-year term life insurance purchased at time Lily's adoption.

- Harold - \$25,000 long term care insurance nursing home only reimbursement policy from Penn Treaty.
- Maude - \$50,000 long term care insurance nursing home only reimbursement policy from Penn Treaty.
 - It was Maude's idea to purchase long term care insurance but she thought it was too expensive. The very nice young insurance salesman told her that Penn Treaty was the best long term insurance company in the history of insurance companies. She was advised that something is better than nothing so she bought the cheapest policy they had.

Other considerations:

- Maude adores Harold and wishes to see that he continues to live a comfortable life when she passes. Her wish is to leave everything to Harold and then pass the residual onto all of her children equally when she dies. It is especially important to her that her children from her first marriage are taken care of in their lifetime.
- Maude confides to you privately that she is genuinely concerned that because of Harold's age and the fact that he is so darn handsome and charming, he will likely remarry. She is afraid that with the potential wealth she will leave him, he will be target for some "Gold digging Harlequin."
- Lily's autism will likely require lifetime intervention. Currently she is on state assistance.
- Allan and his wife are currently residing in the guest cottage on the property while they try to get back on their feet. Maude is allowing this despite Harold's protest. They have been there for 2 years and have since spent \$50,000 remodeling the space to their meet their personal taste.
- The entire family adores their 4-year-old Macaw parrot named Rio. The average life span of this type of parrot is 50 years.
- They have yet to do any formal estate planning. They know they need to but Maude has been reluctant to take the steps necessary since she is a positive thinker and feels that planning to die is too negative to think about.