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ARRANGEMENTS FOR YOUR ESTATE PLANNING

Thank you for allowing our office to assist you with your estate planning needs.

This memorandum sets out the terms on which we represent new estate planning clients. The considerations going into the development of these terms are many and include such things as the rules governing legal ethics, the convenience of our clients and our experience over the years in handling estate planning matters in an effective and efficient way. Please read through the memo and let us know if you have any questions about it or if the terms of representation set out here are for any reason unsatisfactory.

I. The Lawyer/Client Relationship.

The legal planning that goes into our work on your estate creates a lawyer/client relationship protected by a special privilege. Information you give to a lawyer in our office or to any of our firm's agents or employees is not subject to discovery by outsiders and, unless you authorize us to release it, must be held in confidence. If you disclose confidential information in the presence of someone who is neither an agent of our firm nor a co-client being represented simultaneously with you, however, this privilege will be lost. Even if we receive information from you that is not protected from discovery by the attorney/client privilege, however, we are obligated to hold it in confidence if you want us to do so.

There are a few things the attorney/client privilege will not protect. We cannot assist you in the commission of or counsel you to commit any crime. In estate planning, this subject most often comes up in connection with the application of federal and state tax laws. A lawyer has an ethical duty to see that these laws, like all others, are correctly applied, so we cannot advise you of ways to ignore or violate them.

Many married couples undertake review and revision of their estate plans together. When you retain a lawyer in our office to work with you and your spouse on estate planning, you will both be treated as the lawyer's clients. This means that the lawyer cannot keep any secrets told to him by one of you from the other of you if the secret would have any impact whatever on the estate plan of the other. If there are things you need your lawyer to know but do not want to disclose to your spouse, each of you should be represented separately in the development of your estate plans.

II. The Process.

With this memorandum, you should have received a questionnaire eliciting information about your family, your finances and other relevant matters. Please complete the questionnaire and return it to our office. The values you list on the financial portions of the questionnaire may be approximate; if you need to guess, it is better to err on the high side. It is important, however, that when you send back the questionnaire you include with it copies of the documents it asks you to attach. If you cannot find copies of documents that should be included, please point that out in a note and let us know, if you can, where you think copies might be available. It is also very important that you indicate on the financial statement whose name or names are on which of your assets by putting them in the correct column. The devil is in these details.

Within a few days after the completed questionnaire is returned, we will be in touch with you to arrange a convenient time for us to meet and discuss your planning needs. Ordinarily, these meetings occur in our office, but we can make housecalls if your circumstances require. Being on the road to keep appointments outside the office takes a lawyer away from other work he could be doing if he were at his desk, so we must charge for our travel time at the same rate we would charge for time spent in the office. Please bear this in mind when you decide if a housecall is appropriate. For people who live at great distance from Portland, it is often possible to combine a meeting with you with some other required visit to your hometown; please do not hesitate to ask if we have a reason to be in your area in the near future. We can often accommodate.

Before the meeting, your lawyer will review the questionnaire you have submitted in order to have in mind any suggestions he can make for saving taxes. You should come to the meeting with an idea of what you would like to happen to your estate, irrespective of the tax laws. It is the purpose of the meeting to combine your wishes with the influence of the federal and state tax laws in a way that accomplishes your goals with the maximum possible tax savings and the least inconvenience to your family. The point that most frequently holds people up in this process is the identification of an appropriate trustee. Please give some thought to whom you would choose to manage your assets for 25 or 50 or even 100 years. You may choose a friend, a money manager, a bank, a business partner, a sibling, a niece or a nephew. You should avoid choosing your spouse or your child, each of whom will create tax problems if chosen as a trustee.

The meeting will last between 90 minutes and two hours. By the end of it, you and your lawyer should have reached agreement on the outline of your plan, and your lawyer should be able to estimate how long it will take him to draft your documents and send them to you for review. Since a lawyer charges by the hour, this should also enable him to give you an estimate of how much it will cost to generate the documents you have identified, and he will provide you with that estimate. If the number is agreeable, we will commence work on your documents as promptly as existing commitments permit. If the fee estimate seems too high, simply say so. There will be no charge for the initial consultation, and the attorney will be glad to give you the names and phone numbers of other capable lawyers who practice in this area so you can discuss your needs with them and compare our prices with theirs.

The fee estimate you will receive assumes that there will be no significant changes in your documents once they are drafted. Obviously, if we misunderstand your instructions we will make any necessary corrections at no cost to you. If, however, you have a change of mind after leaving our office about what you want the documents to say, please call us immediately and let us know. It is always more time-consuming (and therefore expensive) to change documents once they have been written.

Many people these days believe that drafting wills and trusts for people is no more difficult than punching some buttons on a word-processor. Unfortunately, that is untrue. Although we take advantage of all the good technology available to draft wills, trusts and other documents for our clients, creating them still takes time and judgment. It is reasonable to think that, after meeting with your lawyer, you will receive drafts of the documents he has promised you within two to three weeks. If you face surgery or another medical emergency sooner than that, please let us know and we will do everything we can to accommodate you. If you anticipate travelling before your documents will be ready, it is usually best if we wait until you return to complete your planning. Haste breeds mistakes and, particularly in light of the fact that people are statistically safer in airplanes than in automobiles, it is best not to rush without a very good reason.

Once your documents have been prepared, they will be sent to you, accompanied by a long explanatory letter, for your review. Wills, trusts, powers of attorney and similar documents are long and complex. They are written in language that lawyers and judges will find familiar and clear so that, if they are challenged, they will be likely to produce the results you desire. Regrettably, this reality often makes them dense or impenetrable to even the most thoughtful, well-read and educated clients. You should review them thoroughly, of course, and ask any questions they call to mind. It is the goal of the letter with which they are delivered to you, however, to provide you with a thorough and more comprehensible guide to what they really mean. The letter will be deserving of your close and careful attention. After you have reviewed the documents and the letter, please call and let us know whether you would like any changes made. If so, we will attend to them and send you revised drafts. If not, we can arrange a time for you to come to the office and sign the documents.

Wills, trusts and other documents in the estate planning process must be executed carefully to assure their validity. Ordinarily, therefore, we supervise the execution of all documents in our office. If you are housebound or live far from Portland, however, other arrangements are possible. Please inquire.

III. Kinds of Documents.

A will is the cornerstone of any estate plan under all but the most bizarre situations. There is only one original of anyone's will, and we suggest that you leave it with us for storage. We will send you a conformed copy of it to keep at home and review periodically. A conformed copy is one that has typed on it all the names and dates and that shows where the original is stored.

Many estate plans also involve the use of separate trust agreements. These can be either revocable (i.e., amendable during the lifetime of the person who made them) or irrevocable (i.e., not subject to change once signed). Usually, there is one original of a trust agreement for the person who made it and a separate original for each trustee. We suggest that you leave your original in storage with us and, as with your will, allow us to send you a conformed copy to keep at home. We also suggest that an original be provided to each trustee.

Many of our clients execute powers of attorney in which they name another person or persons to look after their affairs if they are incapacitated or absent from the country for extended periods. We suggest you execute five originals of these. One can be left with us and the other four can be kept by you, left with us or given to the people named in them, as you wish. Please discuss your options for distribution of these documents with your lawyer at the time you sign them. There are advantages and disadvantages to each possible distribution scheme, and the choice of where to put your powers of attorney, like all your other documents, is yours.

You may also decide to sign a "Health Care Declaration" or "living will." We usually prepare four originals of this instrument: one for us to keep with your will and other documents, one for you to keep in a handy place at home, one for your regular physician (who inserts it into your permanent medial record) and the last for your minister, priest or rabbi. This puts originals in places where they can be retrieved quickly if you are admitted to the hospital; the one you leave with us is simply in case all the others get lost.

You may also sign other kinds of documents (such as a Health Care Proxy or a Nomination of Guardian and Conservator) as a part of the planning process. If you do, be sure to discuss with your lawyer where they should be left.

IV. Billing.

Ordinarily, we will send you a bill for our work after you have signed all your documents. The bill will be in accordance with the fee estimate your lawyer gives you during your initial consultation or, if it is not, it will be accompanied by an explanation of why it is higher or lower. The bill will also usually be divided between tax advice and other matters. The portion of the bill attributable to tax advice is deductible for federal income tax purposes with respect to the year in which the bill is paid if, in combination with your other "miscellaneous itemized deductions," it exceeds two percent of your adjusted gross income for that year. Other portions of the bill will not be deductible for tax purposes.

If you are in or near the end of the planning process at the end of a year in which you would like to receive more "miscellaneous itemized deductions," please let us know and we will bill you even before your documents are ready, if you like.

If we send draft documents to you and then do not hear from you for several weeks, we may send you a bill for our work up to that point, even if your documents are not signed. We understand that estate planning is a difficult and, often, low-priority process from which people are easily distracted. It works best for everyone if lawyer and client stick with it diligently from

beginning to end so that ideas and recollections stay fresh. If we feel we have lost your attention, we will bill you for the time we have spent and wait for you to indicate a renewed interest.

Unlike many law firms, we do not bill separately for long-distance telephone calls, telecopier transmissions, photocopies or postage under \$5. If, however, we need to retrieve documents from the Registries of Deeds or Probate, use overnight courier services or otherwise incur out-of-pocket expenses to conclude your work, the costs we have incurred will be separately stated as disbursements in your bill.

Naturally, if you have any questions about your bill when you get it, you should call and discuss them with us.

V. After Your Documents Are Signed.

We regard our estate planning clients as continuing to be clients of the office after their documents are signed. This means we cannot represent anyone in an action against you without your written permission, even if the subject matter of the action has nothing to do with your estate plan.

We do not represent banks or other professional trustees or money managers in their corporate capacities. When we represent them as trustees in particular cases, we require that they sign a waiver allowing us to represent our individual clients against them whenever that proves necessary (as it only rarely does).

If you replace the estate planning documents drafted in our office with documents drafted by another attorney at some future time, we would appreciate your so informing us. We will gladly forward our file to you or to your new lawyer under those circumstances, and will then regard our representation of you as terminated. If we do not hear from you, you may assume that we remain prepared to represent you anytime you need legal help. In the event that you need help in an area outside our expertise, we will gladly refer you to capable counsel, in Maine or elsewhere, with experience in the area you need.

Our office has a quarterly newsletter that is intended to keep you apprised of general developments that may affect your estate planning. If you see something in it or in the general press that makes you wonder whether your estate documents remain appropriate, please call us and ask. Most frequently, however, changes in estate plans become necessary because of changes in a client's fact situation, not because of changes in the law. You should look over your documents after each major financial or family change, and every three years even if nothing has changed, to assure yourself that they remain appropriate in your circumstances. If you think changes are a good idea, or even if you only wonder whether changes might be appropriate, please do call and ask.

We concentrate our legal practice on this kind of work. This enables us to be more efficient in dealing with your estate planning needs than most other lawyers can be, but it also means that we hold thousands of different documents for many clients. Because these documents are all different, we cannot undertake to let you know when a legal change occurs

that will affect any document in particular, so we can assume no duty to notify you every time a change in your instruments might be necessary or desirable. We believe, however, that between our efforts to notify you of significant changes in the law and your efforts every few years in reviewing your documents in light of your current circumstances, we can, together, assure that your estate plan remains current well into the future.

We look forward to a long relationship with you, striving toward that end.

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