

*From the desk of Jeanne M. Kerkstra, Esq., CPA*

**Viewpoint  
The Heiress' Plea to the Terminator**

Paris Hilton's current dilemma screams to her parents "estate planning." Her parents certainly should be embarrassed that they are pleading to California Governor Arnold Schwarzenegger for a pardon of their daughter's 45-day sentence for failing to comply with the plea agreement in her drunk driving case. Apparently, part of the agreement was that within a certain time frame she was to sign up for certain education classes. She did not comply and, consequently, has until the beginning of June to start her jail time or that sentence will be doubled.

When children are out of control, it is certainly one of the critical times for their parents to revisit and, if necessary, revise their current estate plan. The message is the same for all parents, including Paris Hilton's grandparents, if they are still alive.

I would want to have a meeting with them to discuss valuable concepts, including *irrevocable trusts* that take the assets out of their taxable estate and put them beyond their control. I would also want to discuss with them *revocable trusts* in which parents frequently put in specific criteria by which the children may receive, and equally be prevented from receiving, distributions, hi Paris' case, the parents, and possibly the grandparents, should consider *Dynasty Trusts* in which no distributions are guaranteed. Also, another estate planning technique that is often used is to have the children be limited partners in a *family limited partnership*. By this method, the parents reduce their taxable estate and the children have no voice or control over the management of the assets in the family limited partnership.

We all hope to learn from our mistakes and for those who don't, that's why we have Trustees.

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