

ESTATE PLANNING
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PROBLEM SET 1

A sixty-nine year-old gentleman, Louis K. Loolis, Jr., walks into the offices of your law firm and hands you a will that was drafted for his late father by the latter's attorney and life-long friend, M. Al. Practus. Mr. Loolis seeks to retain you to draft a will for him along the lines of that of his deceased father.

Mr. Loolis tells you the following information. First, he has recently married a thirty-five year-old woman named Lucy Love, who was widowed two years ago and has one minor child. He does not know whether he will adopt the child. He has not ruled out having biological children with Ms. Love. Mr. Loolis' aged mother, Lulu, is still alive, and he considers it his obligation to provide for her (as well as his own immediate family). His mother currently resides at his home, in a finished attic apartment with elevator access. Although Lulu Loolis had been given a life estate in her late husband's personal residence, she hated living alone and therefore opted to live with her son. Ms. Love and Mr. Loolis' mother Lulu are both completely inexperienced in financial matters.

Mr. Loolis also tells you that he owns a large house (worth about \$500,000); a car (worth \$25,000); \$50,000 in cash (including a checking account and a savings account); an undivided interest in several parcels of land in Colorado worth \$500,000; a 2% interest in a limited partnership investing in venture capital companies (which he purchased 15 years ago for \$200,000); a paid-up whole life insurance policy with a death benefit of \$1,500,000, the primary beneficiary of which is his mother; and stock in a publicly-traded fiber optics company worth \$200,000, which he inherited from his Aunt Bee. The house and car are subject to no mortgage or lien. Aunt Bee gave nothing at death to Mr. Loolis' sister, resulting in a strained relationship between the two siblings. (Mr. Loolis opined that it also did not help matters that his father had given a highly collectible diamond brooch collection of his paternal grandmother Lola to Mr. Loolis.) Mr. Loolis characterized his sister (in confidence, of course) as a "jealous, greedy, conniving lemon."

Part A

What questions do you have for Mr. Loolis before you proceed to offer him legal advice or draft a will for him? What else should you discuss?

Part B

How would you advise Mr. Loolis to proceed in adopting a coherent estate plan? Try to advise Mr. Loolis as to some options that he should consider. What are the advantages and disadvantages of these options? How would your advice, and his preferences, affect his will? What future events would you tell him may require further changes to his estate plan and will?