

FCS 5540 PROTECTING & TRANSFERRING FAMILY WEALTH

Spring 2024

Online

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Office hours: By appointment
Prerequisite: FCS 3450 or 3500

Course Description

This course provides an in-depth overview of risk management concepts, tools, and strategies for individuals and families, such as health, disability, and long-term care insurance; life insurance; property and casualty insurance; liability insurance; and Social Security. This course also covers various aspects of estate and gift tax planning, including the probate process, an overview of basic estate planning documents, types of property interests, transfer strategies during life and at death, the use of trusts, generation-skipping transfers, charitable giving, the use of life insurance in estate planning, special elections, and other post-mortem planning strategies. The objectives required from the Board of Standards for the Certified Financial Planner designation will be covered.

Learning Objectives

Upon completion of this course, the student will be able to:

- Explain the risk management process.
- Provide examples of the four primary risk management techniques available to clients.
- Describe how insurers use risk pooling to pay for losses incurred by policyholders.
- Explain the factors that affect policyholder premiums and recommend appropriate methods for reducing household insurance costs.
- Identify and measure liability, automobile, homeowner's, flood, earthquake, health, disability, long-term care, and life risks.
- Explain maximum possible and maximum probable loss amount to a client.
- Compare and contrast group and individual health insurance alternatives, including fee for service and managed care health plans.
- Incorporate expected retiree health costs in a client's retirement plan, in consideration of household financial resources, existing or future coverage under group insurance plans, and Medicare.
- Explain alternatives for acquiring health coverage including COBRA and Medicaid.
- Describe differences between short-term and long-term disability plans and identify the policy provisions that should be included in privately-purchased disability policies.
- Create a plan for meeting individual disability income needs, in consideration of household financial resources, and existing coverage under employer plans, Social Security, and disability income insurance options.
- Calculate the tax implications of paying for and receiving disability benefits.

- Identify activities of daily living that can trigger the need for long-term care.
- Develop an appropriate long-term care insurance plan based on needs, financial resources, policy coverage, and cost.
- Perform an insurance needs analysis for a client, including disability, life, health, long-term care, property, and liability.
- Define and communicate key insurance policy terms, coverage, conditions, and exclusions.
- Recommend appropriate insurance products, given a client's stage in the life cycle, family circumstances, and needs.
- Recommend insurance companies based upon an evaluation of service, personnel, financial risks, company ratings, and claims processes.
- Identify the primary components of property and casualty insurance and how each component fits into a client's comprehensive financial plan.
- Differentiate among the basic homeowners insurance (HO) forms and features and explain how to evaluate and compare policies.
- Identify the primary components of automobile insurance and assess any potential property damage or liability exposures.
- Explain the role of personal and business liability insurance in comprehensive financial planning and how personal umbrella liability policy (PUP) and business liability insurance interacts with other property and liability insurance products.
- Compare and contrast the most common types of titling property (sole ownership, joint tenancy with rights of survivorship, tenants in common, tenants by the entirety, and community property).
- Recommend the appropriate property titling mechanism given the client's lifetime and estate distribution objectives, and relevant state laws.
- Describe the probate process, its advantages, disadvantages, and costs.
- Explain the characteristics and consequences of using alternative methods of transferring property at death, including named beneficiary, trusts (revocable and irrevocable), payable on death and transfer on death designations, probate, intestate succession, and direct transfer through titling).
- Select the most appropriate property transfer mechanism for a client's situation.
- Identify and describe the components of estate planning documents, such as wills and trusts that are used to facilitate the transfer of one's assets.
- Explain the roles of the parties used in estate planning including executor, trustee, power of attorney, beneficiary(ies), heirs, and guardians.
- Recommend appropriate estate planning tools to meet a client's goals and objectives.
- Calculate the gift tax consequences of lifetime transfers to individuals and charities and recommend when filing a gift tax return is necessary.
- Calculate the income tax consequences of lifetime transfers to individuals and charities.
- Calculate the estate tax consequences of lifetime transfers to individuals and charities.
- Determine the need for estate liquidity.
- Develop a cash flow plan for maintaining a client's estate from date of death to final distribution including the payment of tax liabilities.
- Define and describe the uses of the four types of trusts including revocable, irrevocable, living, and testamentary trusts.

- Describe the basic components of charitable and non-charitable trusts including identifying the parties to a trust, and the operating terms of a trust.
- Identify the basic income tax consequences of a trust including deductions, exemptions, credits, tax rates, and penalties for non-compliance.
- Explain the income tax implications of trust income and distributions to beneficiaries.
- Describe the appropriate use of the marital deduction in estate planning including for both domestic and international spouses.
- Explain the relationship between the marital deduction and the qualified interest trust.
- Recommend appropriate business transfer techniques
- Describe when an executor should elect to value estate assets using the alternative valuation date.
- Outline the rules that must be followed in order to use a qualified disclaimer estate planning strategy.
- Describe other forms of postmortem planning, including estate tax installment payments, stock redemptions for tax payments, special-use valuations, and elections against a will.
- Explain how and why QTIP property is a terminable-interest rule exception.
- Identify the impact of divorce and/or remarriage on an estate plan including asset titling and distribution, changes in beneficiary status, and selection of heirs.
- Recommend strategies that can be implemented to help ensure the appropriate management and transfer of assets to a same-sex, non-traditional, and/or non-married partners.

CFP® Principal topics covered:

C. Risk Management and Insurance Planning

- C.17 Principles of risk and insurance
- C.18 Analysis and evaluation of risk exposures
- C.19 Health insurance and health care cost management (individual and group)
- C.20 Disability income insurance (individual and group)
- C.21 Long-term care insurance and long-term case planning (individual and group)
- C.22 Qualified and Non-Qualified Annuities
- C.25 Insurance needs analysis
- C.26 Insurance policy and company selection

G. Estate Planning

- G.54 Property titling and beneficiary designations
- G.55 Strategies to transfer property
- G.56 Estate and incapacity planning documents
- G.57 Gift, estate, and GST tax compliance and calculation
- G.58 Sources for estate liquidity
- G.59 Types, features, and taxation of trusts
- G.60 Marital deduction
- G.61 Intra-family and other business transfer techniques
- G.62 Postmortem estate planning techniques
- G.63 Planning for divorce, unmarried couples and other special circumstances
- G.64 Planning for special needs and circumstances

Requirements

- Reading materials provided by the instructor
- Estate Planning (13th Edition), Michael A. Dalton, Tomas P. Langdon, Money Education
- Financial calculator: Texas Instrument BA II+ or HP 12C

The point value of each requirement is as follows:

Introduce yourself	= Up to 10 points
12 modules T/F: best ten scores (@ 10 points each)	= Up to 100 points
12 modules reviews: best ten scores (@ 15 points each)	= Up to 150 points
12 quizzes: best ten scores (@ 10 points each)	= Up to 100 points
Case study	= Up to 50 points
Midterm exam	= Up to 100 points
Final exam	= Up to 100 points
Total	= Up to 610 points
TOTAL % SCORE	= Up to 100 points

* **IMPORTANT:** You should access each week's T/F, quiz, review assignments, supplemental materials, and exams by going to the **MODULES** on **CANVAS**.

A missed deadline for an assignment, T/F, quiz, or test means NO CREDIT, so please make sure you understand the deadlines.

Class Schedules

Students are required to be diligent. This requires multiple tasks each week, so staying on top of them is crucial for success. You have some leeway inasmuch as you can **drop your lowest two T/F assignment scores, lowest two review assignment scores, and lowest two quiz scores**, but it is best to think of this feature as a lifeline you do not want to use unless an emergency arises. **The deadlines are at midnight on Fridays for T/F assignments, on Saturdays for review assignments, and on Sundays for quizzes.**

On Canvas, students have access to a set of pre-recorded videos covering each module's contents. They are available for students who prefer watching a series of short-length videos. However, it should be noted that the pre-recorded lectures are based on tax policies for the 2020 tax year. **Your T/F assignments, review assignments, quizzes, and exams will be based on the most recent policies for the 2022 tax year.** This is why it is crucial to use the latest edition of the textbook (13th edition).

The instructions for the case study will be provided later on Canvas. The instructor actively communicates with students via messages on Canvas, so students are required to check messages from the instructor carefully.

The anticipated timetable for the course is as follows. If small adjustments become necessary due to unforeseen circumstances, students will be notified via the course website and given a reasonable amount of time to make any adjustments.

Week #	Module #	Week of Monday	Chapter
1	1*	January 8	CH2: The Risk Management Process and Characteristics of Insurance (Canvas) CH6: Disability Insurance (Canvas)
2	2*	January 15	CH3: Health Insurance (Canvas) CH7: Long-term Care Insurance (Canvas) <i>January 15: MLK Holiday</i>
3	3	January 22	CH9: Property and Liability Insurance (Canvas)
4	4	January 29	CH8: Annuities (Canvas) CH11: Social Security (Canvas)
5	5	February 5	CH1: Introduction to Estate Planning CH2: Basic Estate Planning Documents
6	6	February 12	CH3: Types of Property Interest CH4: The Probate Process
7		February 19	MIDTERM EXAM (22 nd -23 rd) <i>February 19: Presidents Day Holiday</i>
8	7	February 26	CH5: Gift Tax CH6: Estate Tax
9	8	March 4	CH7: Transfers During Life & At Death
10		March 11	SPRING BREAK
11	9	March 18	CH8: Trusts
12	10	March 25	CH9: Charitable giving CH 10: The Unlimited Marital Deduction
13	11	April 1	CH13: Generation-Skipping Transfers
14	12	April 8	CH11: Life Insurance in Estate Planning CH12: Special Elections & Postmortem Planning
15		April 15	FINAL EXAM (18 nd -19 rd)

Note: * The assignments and quizzes for the first two units are due at the end of the second week of the course. This is for the benefit of students who add the class late or have a busy first week of the semester.

Grading Policy:

University instructors are strongly encouraged to provide exact grading scales at the beginning of the semester. Personally, I like a more flexible approach, but for the sake of clarity, you can count on me using a scale that is no stricter than the following.

***	< 90.0 to 87.0: B+	< 80.0 to 77.0: C+	< 70.0 to 67.0: D+	Below 61.0%: E
100 to 94.0: A	< 87.0 to 84.0: B	< 77.0 to 74.0: C	< 67.0 to 64.0: D	***
< 94.0 to 90.0: A-	< 84.0 to 80.0: B-	< 74.0 to 70.0: C-	< 64.0 to 61.0: D-	***

You will have access to the correct answers for quizzes and review assignments. If you would like additional feedback, you are encouraged to make an appointment to go over course assignments.

Other Important Information:

1. An instructor has responsibilities to his or her students. These include: treating students with respect, replying to email promptly, providing feedback on assignments, returning tests in a timely manner, cancelling classes only under exceptional circumstances and with as much prior notification as possible, and complying with the University's final exam schedule. For a complete list of faculty rights and responsibilities, see:
<http://www.regulations.utah.edu/academics/6-316.html>

2. A student has responsibilities to herself/himself, fellow students, and course instructors. These include:

- a. Reading the syllabus carefully and completely
- b. Allocating sufficient time to meet all course requirements
- c. Meeting all course deadlines
- d. Familiarizing oneself with various University and Department policies (see below)
- e. Contributing to a respectful, intellectually-rigorous, and intellectually-open class environment

3. Please consult the University's Academic Calendar to determine the deadlines for dropping or withdrawing from the class.

4. A missed quiz or exam means **no credit**. Given the multi-day window during which you can take each of the exams, I will not, generally, make alternative arrangements for students who did not take a quiz or exam on time. Moreover, you have the automatic privilege of dropping your **two** lowest quiz scores. With respect to the midterm and final exams, I will consider providing an alternative test time **only if** extraordinary and uncontrollable circumstances arise **and** if you notify me at the earliest possible time, preferably well in advance of the test date. The surest way to reach me is to email me (su.shin@fcs.utah.edu).

5. Late assignments will **not be accepted**. Again, you can count a late assignment as one of the **two** assignments that you are allowed to drop.

6. The prospect of a poor course grade does **not** justify a request to receive an "incomplete." An incomplete is reserved for extraordinary circumstances and only when a student has no more than an exam **or** a paper to complete in a course. The rule of thumb is that a student must have already completed 80% of all course work and be in good standing (i.e., have at least a C average for all completed work) to be considered for an incomplete. University policy gives students one year to complete the remaining work, after which the grade will automatically become an "E."

7. The University of Utah has several policies to meet the special needs of students. These policies involve students taking the initiative in contacting their professors.

- a. The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and the

instructor to make arrangements for accommodations. All written information in this course can be made available in alternative format with prior notification of the Center for Disability Services.

- b. The University of Utah has policies to accommodate students who must miss class for religious reasons and/or are concerned that some course material will conflict with their most deeply held personal beliefs. If you anticipate needing either type of accommodation, you should notify the instructor during first two weeks of the class. You can learn more about this policy at: <https://academic-affairs.utah.edu/wp-content/uploads/sites/3/2015/03/accommodations-policy-background.pdf>

8. In order to promote personal development, to protect the University community, and to maintain order and stability on campus, students who engage in any of the following acts of behavioral misconduct may be subject to behavioral sanctions:

- a. Act of dishonesty, including but not limited to the following:
 - I. Furnishing false or misleading information to any University official.
 - II. Forgery, alteration or misuse of any University document, record, fund or identification.
- b. Intentional disruption or obstruction of teaching, research, administration, disciplinary proceedings or other University activities.
- c. Physical or verbal assault, sexual harassment⁽¹⁾, hazing, threats, intimidation, coercion or any other behavior which threatens or endangers the health or safety of any member of the University community or any other person while on University premises, at University activities, or on premises over which the University has supervisory responsibility pursuant to state statute or local ordinance.

9. Any student who has difficulty getting enough to eat every day, lacks a safe place to live, or faces deportation is living with hardship that may make it difficult to excel in this course. If any of this is the case, you are urged to contact the Dean of Students for support. For information about public resources in the Salt Lake area visit <http://211utah.org>.

10. The University of Utah has a code of student conduct. Academic misconduct includes, but is not limited to, representing another's work as your own ("plagiarism"), submitting the same work for more than one course without the permission of both instructors, and cheating on quizzes and exams. Cheating on quizzes and exams also includes using unauthorized materials such as class materials used in this class in previous semesters obtained from friends, anything obtained online, etc. Authorized materials include lecture notes, assignment solutions, textbook, and any supplemental materials provided by Prof. Shin. I expect that all students will conduct themselves with total honesty and integrity. Department and University policy state that the penalty for academic misconduct is failing a course and a notification of the appropriate dean and the Vice President for Academic Affairs, who will keep the student's name on record. Students with multiple reports may face expulsion from the University. For further information about the University of Utah's policies regarding student rights and responsibilities, see: <http://www.regulations.utah.edu/academics/6-400.html>. Section V addresses academic misconduct specifically.

11. The lectures, tests, and other course materials developed by the instructor are **copyrighted** and may **not be shared with others** without the instructor's express permission.

12. The University of Utah values the safety of all campus community members. To report suspicious activity or to request a courtesy escort, call campus police at 801-585-COPS (801-585-2677). You will receive important emergency alerts and safety messages regarding campus safety via text message. For more information regarding safety and to view available training resources, including helpful videos, visit safeu.utah.edu.

13. Please consult the next page to learn what to do in case you are on campus during a campus-wide emergency.

NOTE: This syllabus is *not* a binding legal contract. It may be modified by the instructor as long as students are given reasonable notice of any changes.

Accommodations for Students with Disabilities

The Americans with Disabilities Act. The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and the instructor to make arrangements for accommodations. All written information in this course can be made available in alternative format with prior notification to the Center for Disability Services.

