

A STEP AHEAD

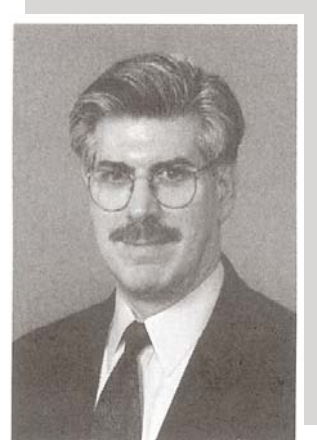
BERWITZ & DiTATA LLP

TIME TO REVIEW AND RENEW

Tax season is over! Spring has sprung! Its time to “review and renew.” During the month of May, Berwitz & DiTata LLP encourages all of its clients, friends and “would be” friends to focus on estate planning, refresh those resolutions and stop procrastinating.

If you have never created an estate plan, now is the time. Although estate planning is a topic that some people find difficult, we are dedicated to helping clients identify and implement their estate planning objectives with ease and efficiency. We believe that our success is founded

on this fundamental commitment to communicate with our clients in a caring and responsive manner. Those who have met with us in a one-on-one consultation know that we believe everyone can benefit from estate planning regardless of personal income or net worth. Everyone has concerns regarding the future. For instance: How can I avoid probate and the dissipation of my assets to estate taxes? How can I avoid losing control of my assets if I become disabled? How do I protect myself and my family from devastating nursing home costs?
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NEW MEDICARE DRUG PROGRAM ~ HIGHLIGHTS ~

Beginning in 2006, under the *Medicare Prescription Drug, Improvement, and Modernization Act* of 2003, Medicare beneficiaries

will have the option of enrolling in a discount drug plan or joining a private health plan that offers drug coverage. Premium for the Medi-

care plan will be \$35 per person per month, \$420 per year. The plan affords coverage as follows:

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NEW MEDICARE DRUG PROGRAM

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75% of the first \$2,250 of annual drug costs, subject to a \$250 deductible, and 95% of the annual drug costs exceeding \$3,600. Said another way, the beneficiary will pay the first \$250 of annual drug costs, 25% of costs between \$251 and 2,250, all costs between \$2,251 and 3,600, and 5% of the costs exceeding \$3,600. For low-income beneficiaries an annual subsidy of up to \$600 will be available.

The bill creates an interim prescription drug discount program as a temporary measure until the new Medicare drug benefit goes into effect. For the period from June

2004 through December 31, 2005, Medicare has contracted with private companies ("sponsors") to offer new, voluntary drug discount cards. A Medicare-approved drug discount card offers a discount off the full retail price of prescriptions. The prescriptions covered and the prices charged will vary depending on the card, and are subject to change. Enrollment is during May 2004. The fee is \$30.

Several factors should be considered when selecting a drug card sponsor. The Centers for Medicare and Medicaid Services provides information about the program on its website; <http://www.medicare.gov>

and through its toll-free telephone information line, 1-800-MEDICARE, however, as the specific drugs which are included by a given sponsor and the prices that sponsor will charge are subject to change by the sponsor, price alone should not be the determining factor. Those eligible should consider the convenience of the pharmacies that participate in the various cards, enrollment or dispensing fees and other services that the particular pharmacist at which the card is accepted will offer, such as allergy alerts and other discount programs.

SHOULD YOU FILE A GIFT TAX RETURN?

April 15th has come and gone. You have either filed your tax returns or filed an extension for additional time. While we focus on the filing of our federal and state income tax returns, it is all too easy to forget that gift tax returns may also be

required.

Until recently, the "gift tax exclusion" was \$10,000 per person per year, allowing each of us to make gifts up to that sum without any gift tax consequence. In 2001, the gift tax exclusion was increased to \$11,000. Thus, I can

give each member of my family \$11,000, and if I marry, as much as \$22,000 can be gifted to any one person. If my gift is more than \$11,000, I would be required to file a gift tax return and some tax might be owed.

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FILING A GIFT TAX RETURN

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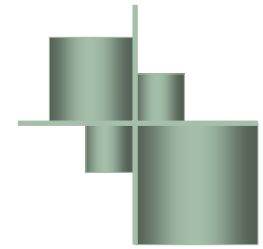
The amount of a gift is not the only factor to be considered. The nature of the gift also determines whether the exclusion applies, and to what extent. For example, if I give a gift of cash, the recipient has the immediate use of the money. This is considered a gift of a *present interest* and the exclusion applies. If, instead of giving cash, I contrib-

ute money to an Irrevocable Life Insurance Trust, when does the recipient get to use the money? Typically, after I and/or my spouse have passed away. This is a gift of a *future interest* and may not be offset by any part of the gift tax exclusion.

However, not all gifts to an insurance trust are future interest gifts. Many such trusts give beneficiaries the

right to immediately withdraw contributions for a limited time period. If the beneficiary has the opportunity to withdraw the money for present use, such gifts will be considered present interest gifts.

With so much at stake, isn't this a good time to review your gift giving process to determine whether a gift tax return for 2003, or an earlier year, may be required?



TIME TO REVIEW AND RENEW

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How can assets be transferred if a relative is already in a nursing home? In designing strategies to effectuate our clients' goals, we offer detailed advice and a high level of technical expertise. Now is the time to achieve estate planning peace of mind! Ask those questions, explore the options, get it done.

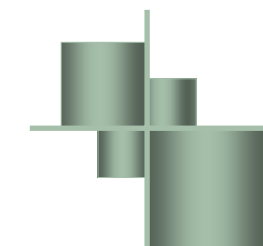
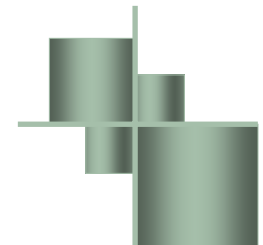
If you created your estate plan, or last reviewed it more than 3 years ago - now is the time. Are your documents up to date? Have there been changes in the law or in your life that should now be considered? The documents that address the needs of

a single person are frequently insufficient when he or she marries. If a couple has children, the appointment of a guardian should be a key factor in estate planning. Those documents that were created when the kids were small may no longer reflect their parents' wishes now that the kids have grown and flown. The "sandwich generation" is discovering that the joy and responsibility of raising children is all too frequently overshadowed by the illness of parents. The need for estate planning takes on new meaning as one approaches retirement and, if illness threatens, timing becomes more critical.

Lifetime changes affect estate planning. Even if we can't imagine what changes in our lives could affect these important documents, an estate planning review is a vital element to ensuring that your wishes will be accomplished.

Because Berwitz & DiTata LLP understands the importance of keeping the plan current, we offer our clients a unique value added component: *a complimentary three-year review.*

For those who have not yet retained our services, there is a nominal fee to review your plan. Let us help you realize your estate planning objectives.



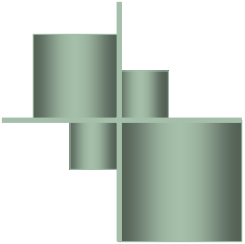
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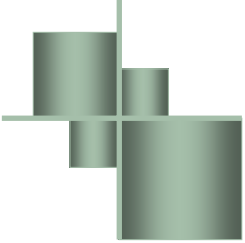
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ENCOURAGING YOUR LOVED ONES



Often encouraging an elderly parent or loved one to undertake estate planning is a sensitive topic. Many of our clients have described feeling awkward or believing that their motives were in question. Yet learning about our loved ones' legal and financial affairs can help to prevent serious problems later.



Think about the issues you want to talk over in advance. Express your concern in ways that demonstrate your respect. The important topics to include are: whether there is a valid last will and testament that expresses their present wishes,

whether the individual has legally appointed another to manage financial affairs and to make health care and medical decisions if he or she becomes incapacitated, whether they have a current listing of assets and valuables - and where these documents might be found.

There are many ways to start the discussion. Sometimes it helps to use a story to make a point. Some clients have asked for advice, like this: "I'm putting my will together, how did you do this?" Some people respond more favorably to a direct and factual dis-

cussion. The important message to convey is that none of us knows what the future will hold. While the individual is capable of participating in the planning, solutions are available that will permit the exercise of choice and preserve control, dignity and independence. Perhaps this article can be used to open the discussion.

Your first attempt may not be successful. Step back and approach the subject at a later date in another way. Major issues are seldom resolved with a single suggestion.