Hello, this is Wayne Rivers at The Family Business Institute.

This week, I want to continue along the vein of we get questions. You can imagine some of the questions we get. These are fairly simple questions having to do with people's lives. Things that you can easily relate to. In this case, what we've got is a question from a family business mom who is concerned about some of the planning that her husband wants to do.

Here's the question: My husband wants to move some of our wealth from 37 years of running our family retail store to our children and grandchildren. I'm a little reluctant, actually, a lot reluctant, given the Treasury Department's proposed changes to close the estate and give tax loopholes. What are your thoughts?

Again, I don't want you to think we're a band of jerks. We're not trying to hurt people's feelings, but I think tough love works better than beating around the bush. And so here is my email response back. First of all, if the laws are going to change, if the government's talking about changing the tax laws, shouldn't you accelerate your planning, to take advantage of that, rather than sit back and wait to see what happens? In this case, they were talking about closing some of the loopholes having to do with taking discounts, and they were going to do that conceivably in early 2017. In that case, it would have been a smart idea to accelerate your family business estate planning.

Second thing I wrote was that there's no such things as loopholes in the tax law. That is a politician's mealy-mouth word. Look, the laws are written in black and white, and we hire terrific lawyers and CPAs to help us interpret those words, and do our planning in such a way that it minimizes the harm to us, our families, and our businesses, okay? So, don't ever say loopholes, unless you want to get a sharp email in rebuke.

Finally, don't let the tax tail wag the dog. We've all heard horror stories about people that do so much estate planning, and they give away so much stuff to the succeeding generations, that they wake up one day and they're 95 years old and they don't have everything they need or want, to be able to continue to live a dignified lifestyle. Whether you're doing harm to yourself potentially, or maybe you're giving stuff to children and grandchildren who aren't emotionally ready for it from a maturity standpoint. All of a sudden, you start giving gifts of thousands or even millions of dollars' worth of stuff to young people, how is that going to change them? Is that going to make them a better person, or worse? We've all heard those horror stories, and we all have those images of the Paris Hilton types who maybe got a little too much too soon. Don't let the tax tail wag the dog, it doesn't always make sense.

The second thing is that the Unified Credits now between a couple, a married couple, is 11 million dollars. Well, we know from looking at Dun and Bradstreet data that there are just not that many family businesses, only about 50,000 in the entire country that are even in sniffing distance of having an estate tax problem. So, if Unified Credit, which is now adjusted for inflation, stands this year at right about 11 million dollars, and with those discounting techniques, which by the way aren't going to get changed with this new administration in place, 98% of our audience, probably, does not have an estate tax problem anymore, if you do smart planning.

She talks about being a lot reluctant to get into this with her husband and the advisors, and that is smart actually, because I've seen a lot of people, over the years, sort of get advised to death. I mean, they just get give this, do this, and they create situations which are so complex, they can't even explain them anymore. In my way of thinking, I like to keep things simple. If you can't diagram, basically, on one sheet of paper what your drop-dead plan looks like, your drop-dead plan is way too complicated. I don't care if you're worth 50 million bucks, it can always be reduced to one sheet of clear graphics, because it's really just a matter of, "I die, my stuff goes somewhere. Where does it go?" Okay, it's really not as complicated as some of the planning people make it out to be. All right, let me climb down off my soap box.

This is Wayne Rivers at The Family Business Institute. As always, email us, put your comments below, let us know what you think of these blogs, and how we might make them better, and if you have questions about your family business, send those along too. Thank you!