

ESTATE PLANNING NEWS



Estate Planning in Disneyland: The Bare Necessities Make Dreams Come True

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This is the 50 year anniversary of Disneyland and the 40 year anniversary of the death of Walt Disney. Nevertheless, the Disney name and vision continue to permeate our culture. Disney has become synonymous with wholesome family values and theme park vacations.

Still, whenever I think of Disney, I wonder how the happiest place on earth was derived from stories of countless orphaned children? Against the advice of Walt Disney, who preferred entertainment over education, I write this article as a character study of well-known Disney characters, the estate planning issues they faced, and advice they may have received from their attorney.

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Announcements

The House of Representatives' estate tax reduction proposal ("the Trifecta bill") fell a few votes short of the 60 votes needed to clear the Senate. The unsuccessful measure would have increased the estate tax exemption to \$5 million, with a graduated system of 2 rates - 15% on amounts over \$5 million and 30% on amounts over \$25 million. It is unlikely that any progress will be made until after the mid-term elections.



Tip of the Month

How to Abuse a Charitable Remainder Trust

In an internal legal memorandum, the IRS concluded that a particular trust was not operated as - and would not be recognized as - a Charitable Remainder Unitrust. The circumstances of this trust may be the most egregious encountered since charitable remainder trusts were codified in 1969. What mistakes did the trustor make?

- (1) He transferred debt-encumbered property to the trust;
- (2) He used the property without paying rent;
- (3) He treated the trust as a personal checking account, writing checks to himself, his wife, and third parties on a random, ongoing basis, without regard to the fact that he was only entitled to receive the unitrust amount.



Entertainment

Pollyanna (1960)

The young, orphaned Pollyanna (Haley Mills) arrives in a town that is embattled by feuds and intimidated by her rich Aunt Polly. But before long, Pollyanna has transformed the community with her indomitable will to see the good side of even the worst situations. Mills received a special Academy Award for her performance in this timeless Walt Disney tapestry of small-town Americana.



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I would rather entertain
and hope that people learned something
than educate people
and hope they were entertained.

-- WALT DISNEY

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Snow White

In Walt Disney's first animated feature film, Snow White, a queen wishes for a daughter with skin white as snow, lips red as blood, and hair black as ebony. Snow White is born, but tragically the queen dies, leaving guardianship of Snow White to her father, the king. The king quickly takes a new wife, and on Snow White's 7th birthday, the new queen grows so jealous of Snow White's beauty that she hires a huntsman to kill the girl in the forest.

Snow White escapes. She finds 7 dwarfs who are kind enough to provide housing, though they must work in a mine all day and are ill-equipped to protect Snow White from her evil stepmother. Snow White eats the poison apple, and the dwarfs take her for dead, placing her in a glass coffin.

Since she was not yet 18, Snow White was too young to execute an Advance Health Care Directive naming the dwarfs as co-agents (or perhaps just Doc as sole agent). The dwarfs had no authority to select a primary care physician or to have Snow White pronounced dead and proceed with the burial of Snow White's body or the cremation of her remains.

Yet this works in Snow White's favor. A handsome prince comes along and revives

what is merely a temporary incapacity by giving Snow White love's first kiss. Snow White's dreams come true, but her path would have been less thorny had her mother (and father, who presumably died) chosen a better guardian.

Cinderella

Unlike Snow White, Cinderella is clearly an orphan. Also in contrast with Snow White, Cinderella's mother or father may have left Cinderella a trust fund, managed by Fairy Godmother, to save Cinderella from the father's horrible choice of the evil stepmother as guardian.

Fairy Godmother provides Cinderella a beautiful gown, glass slippers, and horse-drawn carriage to attend a royal ball and attract the attention of the handsome prince. If it weren't for Fairy Godmother's generosity or the undisclosed trust fund, Cinderella would still be scrubbing floors.

The Sword in the Stone

The future King Arthur is an orphan raised by a foster parent, Sir Ector, who affectionately calls Arthur "Wart." Searching for a lost arrow in the woods, young Arthur meets Merlin, a wizard who commits himself to educating Arthur, mostly about magic.

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Rather than coming to Arthur's rescue, Ector endangers him, allowing Merlin to transform Arthur, first into a fish and attacked by a monstrous pike, then into a squirrel that is pursued by a wolf, and finally into a bird that is taken hostage by The Marvelous Mad Madam Mim.

After Merlin's argument with Mim, he is rocketed through time to Bermuda, and Arthur goes to serve as a squire to his foster brother, Kay. Arthur loses Kay's sword, and frantic to find a replacement, pulls the famous sword from the stone in the churchyard. Thus, in true fairy tale style, Arthur escapes the bondage of his foster family and fulfills his destiny by becoming king.

Aladdin

The Sultan of Agrabah is secretly being controlled by his grand vizier, Jafar. Jafar, who wants to be the sultan, has spent years searching for the Cave of Wonders so that he may harness the magical powers of the genie in the lamp. However, Jafar discovers that he cannot enter the cave without a metaphorical "Diamond in the Rough."

Meanwhile, the Sultan is having problems finding a prince for his daughter, Jasmine, to marry. Not wanting to be married off, Jasmine decides to run away disguised as a peasant girl. In the anarchy of the streets, Jasmine is saved by a street urchin named Aladdin.

By this time, Jafar discovers that Aladdin is the "Diamond in the Rough." He sends palace guards to capture Aladdin and tells Jasmine that her savior has been executed for kidnapping.

The Sultan now faces two potential suitors for Jasmine: poor Aladdin and evil Jafar. What's a father to do?

Before the Sultan loses control over his daughter and his kingdom, perhaps he should consider asking Jasmine to sign a prenuptial agreement. Jasmine has no significant assets, though, so the Sultan realizes he is better off leaving his assets in a dynasty trust where the trustee will have discretion to benefit Jasmine and her descendants. The dynasty trust will insulate Jasmine from a divorcing husband's claim to half of Jasmine's property. It will also protect the Sultan's grandchildren from the husband's "spousal election" to Jasmine's property in the event of her death.

With the dynasty trust in place, the Sultan is more comfortable with the idea of his daughter marrying a commoner.

Conclusion

Disneyland is full of happy endings. But even in real life, the underlying issues faced by Disney characters present vivid examples of the necessity of estate planning to make dreams come true.

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