

### Baltimore Office

One Charles Center, 16th Floor  
100 North Charles Street  
Baltimore, MD 21201  
410-659-1300 • Fax 410-659-1350

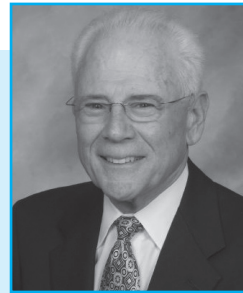
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## Caring For Your Pet: An Estate Planner's View

By Michael I. Gordon



Michael I. Gordon is a partner with the law firm of Wright, Constable & Skeen, LLP and has a general practice that includes estate planning. Mr. Gordon can be reached by direct dial at (410) 659-1306 or by e-mail at [MGordon@wcslaw.com](mailto:MGordon@wcslaw.com).

A family's pet plays an important part in the lives of many. We find that clients enjoy physical activity with their pets as much as they do with children and grandchildren. This includes playing ball, going for walks, and other forms of exercise. Many are engaged in obedience training and best-of-breed shows. There are strong indications that pets affect their owners' medical condition including lowering blood pressure, reducing stress and depression, lowering the risk of heart disease and shortening the recovery time after a hospitalization.

authorizing trusts for animals, the Uniform Probate Code and the Uniform Trust Code. Neither has, to this point, been adopted in Maryland although ten states have adopted some form of the Probate Code and at least 18, the Trust Code. Ten other states have adopted their own codes authorizing to a lesser or greater degree their own forms of pet trusts. Maryland is currently

studying the Uniform Trust Code which includes provisions for pet trusts, and it is anticipated that we will have some form of trust authorized within the foreseeable future.

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A great majority of pet owners treat their animals as members of the family. They brag about them, sleep in the same bed with them, carry their pictures, include them in their holiday gift buying lists and stay home with them if they are ill. Over 43 million families own at least one dog and over 37 million, at least one cat, with millions more owning other species.

According to published articles, between 12% and 27% of pet owners include their pets in their wills. Almost everyone has heard the stories of fortunes left for the care of pets. Most recall that Leona Helmsley's will provided that \$12 million be dedicated to the care of her white Maltese dog named Trouble.

For over 25 years, state by state, action has been taken to facilitate bequests for pet care. Two Uniform Codes have been authored which include provisions

In the meantime, what steps can you take to make sure your pet is cared for should you become disabled or die?

In the short term, help is available from The Humane Society of the United States and your lawyer. You can obtain from The Humane Society three items, (i) an Animal Card which is filled in and carried by the owner and contains vital information about your animal and will tell emergency personnel that there is a pet at a specified location, (ii) an Animal Document which contains the same important information and further instructions to be kept with your estate planning documents and (iii) a Door Sign which advises Emergency Workers, such as firemen, that there are pets within the home.

A fourth document, your Durable Power

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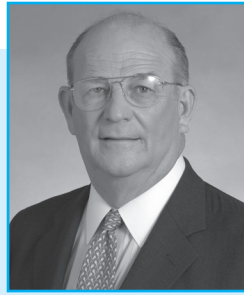
# Are You Insured? The Changing Scope of FDIC Insurance Coverage

By Michael J. Abromaitis and Jason R. Potter

Former Federal Reserve Chairman Alan Greenspan recently stated that the U.S. economy is in the midst of a once-in-a-century crisis, a crisis that has caused once estimable financial institutions such as Lehman Brothers, American Insurance Group and Bear Stearns to suddenly collapse. In response, the federal government has taken a variety of measures intended to shore up the economy and instill investor confidence, including recently expanding the types and amounts of accounts that the Federal Deposit Insurance Corporation will insure. This article identifies these recent changes, as well as the different types of ownership categories that are available, in order to help depositors maximize their amount of deposit insurance.

On October 3, 2008, the President signed into law the Emergency Economic Stabilization Act of 2008 which, among other things, increases the amount of FDIC insurance for each type of deposit account from \$100,000 to \$250,000, effective immediately. This measure continues in place previous FDIC insurance on all types of deposits accounts at FDIC-insured banks, including checking accounts, savings accounts, money market accounts and "time deposits" such as certificates of deposit (CDs).

Under the new law, if an FDIC-insured bank were to fail, each depositor would now be insured for up to \$250,000, including both principal and accrued interest, for each type of deposit account. The increase is only temporary, however, and will sunset on December 31, 2009, at which point the maximum insurable amounts on most deposits will return to \$100,000. The \$250,000 amount is cumulative for each type of account that



*Michael J. Abromaitis is partner with Wright, Constable & Skeen, LLP. Mr. Abromaitis' practice concentrates in the areas of corporate law and estate planning. Mr. Abromaitis can be reached by direct dial at (410) 659-1316 or by e-mail at mabromaitis@wcslaw.com.*



*Jason R. Potter is an associate with Wright, Constable & Skeen, LLP. Mr. Potter's practice concentrates in the areas of construction law and general litigation. Mr. Potter can be reached at jpotter@wcslaw.com or by direct dial at (410) 659-1340.*

a depositor maintains at each insured bank. For example, if a depositor had two checking accounts and one savings account at an insured bank under her name only, all three accounts would be insured up to a maximum combined total of \$250,000. However, if the depositor maintained one checking account in her name and one checking account jointly with her spouse at an insured bank, each account would be insured up to \$250,000 because each account is owned in a different way. A depositor may therefore maximize the amount of FDIC insurance by maintaining accounts in different ownership categories. Under the new law, the FDIC insures each of the following eight ownership categories up to the new \$250,000 maximum.

**Single accounts:** accounts held in one person's name alone, and include both savings and checking accounts. They also include business accounts that are sole proprietorships ("doing business as") and accounts that are established by an agent, such as a guardian or custodian, for the benefit of another person, such as a minor.

**Joint accounts:** accounts that are owned by two or more people. The account owners must be natural persons, thus precluding companies and other legal entities from being insurable joint account holders. In addition, all account owners

must sign the deposit signature card (unless the account is a CD) and must have equal ownership rights over the account, including equal rights to withdraw funds from the account.

**Certain retirement accounts:** retirement accounts that include all major IRAs (traditional IRAs, Roth IRAs, Simplified Employee Pension IRAs and Savings Incentive Match Plans for Employers), as well as

deferred compensation accounts and self-directed contribution plans, such as self-directed 401(k) plans and self-directed Keogh plan accounts. These retirement accounts were previously insured up to \$250,000 even before the insurance limits were raised and, therefore, will continue in effect even after the other ownership categories return to their \$100,000 level, barring a likely continuation, in 2010.

**Revocable and irrevocable trust accounts:** accounts set up to benefit another individual upon the death of the account owner. The FDIC considers two different kinds of trust accounts, revocable and irrevocable, as separate ownership accounts for purposes of FDIC insurance limits. In very general terms, a revocable trust can be revoked by the owner within the owner's lifetime. In an irrevocable trust, the owner generally contributes money toward the trust during his or her lifetime but gives up the right to revoke or change its terms. Each beneficiary is insured up to the \$250,000 limit for each trust from the same grantor in which he or she is a beneficiary. In order for each beneficiary (rather than the entire trust as a whole) to qualify for the full \$250,000 coverage, both types of trusts' bank accounts must disclose the existence of the trust relationship and the beneficiary

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of Attorney, with the help of your attorney may contain specific authority and instructions granting your Attorney in Fact the authority to care for and/or place your pet in a temporary or permanent home and expend monies for his or her immediate needs.

Since Maryland doesn't yet recognize a scheme of Statutory Pet Trusts, how can we make sure our pets will be assured of the care we want to provide for them?

One option is to consider an outright gift of your pet to a trusted family member or friend and, perhaps, an outright gift of funds to be used for its care. This may work in some instances, but you can't be sure. A plan made today may be a poor choice based upon a change in circumstances, e.g., that family member later marries and the new spouse is allergic to or wants no part of Fido.

You may consider a gift to a veterinarian, animal shelter or life care center. You have to be comfortable with how your pet will live out its life under the conditions attendant and the cost to be incurred now or in the future.

Another alternative, and maybe the best, is to consider the creation of a trust which will be recognized under existing Maryland law. And this can be created to go into effect immediately or under the provisions of a trust, either a Living Trust (Inter Vivos) or a Testamentary Trust. The beneficiary of this trust is a human, a person with standing to enforce the trust and human measuring life for the rule against perpetuities.

The benefits of creating a Living Trust is that it is in place in the event your disability requires the removal of your pet

from your home as well as immediately upon your death without the necessity of your will being probated before the trust can be implemented and your pet being displaced in the interim. Should it be necessary, changes can be readily made to the trust as opposed to having to change the terms of your will. However, start up costs and costs of administration may be higher. Also, while it is best to fund the trust upon its creation, this is not absolutely necessary and life insurance may be used for this purpose. With a Living Trust, should circumstances dictate, additional funds may also be contributed during your lifetime.

Several decisions must be made whether a Living Trust or Testamentary Trust is utilized. First, you must designate the beneficiary of the trust who will be the expected care giver. You must be sure the person selected is capable and willing to act and assume the responsibility which may be burdensome as the pet ages. Also, it is imperative that an alternate beneficiary be identified and appointed. Another option is to appoint and authorize the trustee and/or one or more persons to identify a care giver when that becomes necessary.

Second, the trustee or trustees must be nominated. Again, you must be sure that the person or institution which you appoint will be willing to act. The trustee will be charged with the obligation to determine what amounts of money are to be released in accordance with your directions, to make periodic inspections to make sure that the pet is being properly cared for. An alternate trustee may be given standing to remove the original trustee should he, she or it fail to act in the pet's best interest.

Third, you must determine the amount of

funds or property to be placed in the trust as well as the method for funding. The options available should be discussed with your counsel drafting the trust document. Many factors must be considered including the size of the estate, the standard of living expected, whether the care giver is willing to contribute to the cost of care, whether the care giver is to receive a stipend for providing his or her service and any number of other considerations.

The distribution method must be considered. Is it to be a fixed periodic sum, a reimbursement for expenses incurred, an advance for which receipts are anticipated or any combination of these? Another item to be considered is the final disposition of the remains of a deceased pet and the costs to be incurred. The trust should also anticipate a method for identifying the animal. It can be by description, veterinary records, an alphanumeric identifier, tattoo or microchip.

The trust period cannot be dependent upon the life of the pet. It may be for the life of the care giver or another person plus 21 years, but to be terminated on the earlier death of the pet or a similar clause.

Finally, the trust must identify a remainder beneficiary. It should be someone other than the care giver to prevent anything untoward happening to the pet or an attempt to substitute another animal for the pet in order to continue receiving payments.

No one knows better than you what you want for your pet should the time come when you can no longer care for it, but with the help of your estate planning attorney, you can make sure that your desires for your pet will be honored.

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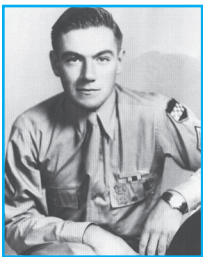
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We honor and acknowledge with deep gratitude the great veterans from Maryland who served in every theater of the war. The history of our firm includes many veterans, two of whom we mention here.



**Francis N. Iglehart,**  
Esquire - 1925-2007

Francis "Ike" Iglehart was born in Baltimore in 1925. He entered the service a few weeks after graduating from high school in 1943, and went on to be assigned to Company G, 393rd Infantry Regiment of the 99th Infantry Division at Camp Maxey. He went overseas with the Division in September 1944. Serving as a Browning Automatic Rifleman and assistant squad leader, he was awarded the Purple Heart, Bronze Star, Combat Infantry Badge, and three campaign stars. After the war, he attended Princeton University on the GI bill, graduating *magna cum laude* in 1949. He then attended the University of Maryland School of Law, entering the practice of law in 1952. At the time of his death in 2007, he was Of Counsel to Wright, Constable & Skeen, L.L.P.

In his memoir of his military experience, [The Short Life of the ASTP](#), Mr. Iglehart recounts his experiences in the Battle of the Bulge wherein 10 soldiers in his squad of 12 were killed:

"During daylight, the shells screamed in constantly causing sensations of concussion and ringing eardrums. Frozen dirt rained into our canteen cups and C ration cans as we tried to heat them over burning fragments of waxed cardboard K ration containers. Our ears were so attuned that we could judge the trajectory of the shells within five to ten yards. Casualties began to pick up significantly. Two eighteen year old replacements in a hole ten yards to the left were killed instantly by a direct hit, and we struggled to the company command post after nightfall with a party of four dragging their bodies in blankets." [The Short Life of the ASTP](#) (American Literary Press (July 1997)).



**John Henry Skeen, Jr.,**  
Esquire - 1915-1987

In 1942, John H. Skeen, Jr. was a 27-year-old new lawyer. He left to serve in the Pacific in World War II. In December 1945, with his law degree and little experience, he was appointed by General Douglas MacArthur as chief defense counsel in the war crimes trial of Japanese General Homma Masaharu, "the Beast of Bataan". *American Heritage Magazine* describes Mr. Skeen's experience in its February/March 2007 article, "The Trial of General Homma".

"For such a high-profile capital case, Homma's defenders were astonishingly green. The team was led by Maj. Jack Skeen, a 27-year old Baltimore admiralty lawyer who had never argued a case before. Upon learning that he would be representing the Beast of Bataan, Skeen had written his wife: 'Within one minute I became essential, screwed, and famous. . . . After a few days I will recover from the shock & will give the S.O.B. everything possible in the way of defense'. . . .

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The defense ended its argument with the lengthy and passionate remarks of its lead counsel, Jack Skeen: 'This entire case is an indictment not of an individual but of the system and background of the Japanese Army and the Japanese theory of waging war. It is sought to judge this accused by the standards of our own army; we can only fairly judge this man by the standards established by the Japanese Army. We of the defense have become thoroughly convinced of the sincerity and integrity of General Homma. Should Homma's life be taken the world will have lost a man who could do so much toward the continuation of peace.'

see Veterans page 5

in each trust must be identifiable from the deposit account records.

**Employee benefit plan accounts:** pension plan deposits, profit sharing plans or other similar employee benefit plans. Each participant in the plan is insured according to his or her percentage of ownership interest in the plan, up to \$250,000.

**Corporation/unincorporated association/partnership accounts:** accounts that are owned by a company, unincorporated association (including a not-for-profit organization) or partnership or other legal entity. To be covered, the entity's primary purpose must be something other than to increase FDIC insurance coverage. Put differently, a company cannot simply spin off a separate company whose sole or primary purpose is to add to the amount of FDIC insurance.

**Government accounts:** accounts owned by federal, state or local governments or Indian tribes.

A depositor may also maximize its insurable deposits to the extent that it maintains escrow accounts or accounts payable for the benefit of another person or entity by clearly indicating the nature of the account (i.e., escrow account, or account for the benefit of, etc.). In such a case, the accounts count toward the maximum insurable limit of the beneficiary, rather than the depositor.

A depositor is insured up to \$250,000 for his ownership interest in each of the above-referenced account types at each FDIC-insured bank. To determine whether a particular bank is FDIC insured, visit the FDIC's searchable database at [http://www2.fdic.gov/idasp/main\\_bankfind.asp](http://www2.fdic.gov/idasp/main_bankfind.asp).

The FDIC has also recently announced that effective immediately, all non-interest bearing bank accounts are eligible for full FDIC insurance, regardless of the amount in the account. Under the new program, non-interest-bearing accounts such as personal checking and savings accounts that do not bear interest, as well as corporate payroll accounts and


all other non-interest bearing accounts will be fully insured unless the bank or deposit institution opts out of the FDIC's program. This insurance coverage is in addition to the coverage on interest-bearing accounts set forth above. In other words, if a depositor had \$500,000 in a non-interest bearing checking account and \$250,000 in an interest-bearing savings account in an insured bank, the FDIC would insure the full \$750,000. To pay for the program, each participating bank and financial institution is charged fees for current and future bank debts to cover the new insurance. As with FDIC insurance on interest bearing accounts, the increased insurance coverage for non-interest bearing accounts sunsets on December 31, 2009.

Should you have questions about FDIC insurance coverage, please contact Michael J. Abromaitis or Jason R. Potter at Wright, Constable & Skeen, LLP.

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[Although Homma was convicted, his ...] sentence was considered something of a victory for the defense. To be 'shot with musketry'— to face a firing squad, as opposed to a noose — was considered a much more honorable death for a member of the military profession, and Homma took some relief in knowing that he would die a soldier's death."

Visit [www.wcslaw.com](http://www.wcslaw.com) for more excerpts from "Ike" Iglehart's memoir, and access to the full-length article, "The Trial of General Homma," from *American Heritage Magazine*, which features several photographs of courtroom scenes.



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