



Filing Deadline: January 1, 2025

Throughout the year, we have informed most of our business clients about the federal reporting requirements under the Corporate Transparency Act (“CTA”). The CTA requires most companies to report information about who owns or controls the company. The final deadline for most businesses to make the necessary filings is January 1, 2025.

Congress passed the CTA

On January 1, 2021, the United States Congress passed the CTA, which is designed to combat illegal activity such as tax fraud, money laundering, and financing for terrorism. Over the last three years, the U.S. Department of Treasury and other stakeholders have been issuing guidance and rulings to inform business owners of the specific federal reporting requirements under the CTA.

Does Your Business Fall in the CTA Filing Criteria?

The CTA applies to most corporations, limited liability companies, and limited partnerships and requires them to file reports with the Department of Treasury’s Financial Crimes Enforcement Network (“FinCEN”). Even small family-owned businesses and real estate companies are subject to these reporting requirements. All for-profit businesses are subject to substantial reporting requirements except for businesses that are already heavily regulated (e.g. banks, brokers, etc.) and those businesses employing more than 20 employees and generating more than \$5,000,000 in gross receipts. In essence, the CTA is designed to get more information related to smaller for-profit companies.

Key Ownership and Management Information Required

Each business entity that is subject to the CTA is required to file key ownership and management information. Reporting must be made with respect to the “company applicant,” “beneficial owners,” and individuals with “substantial control” over the entity. There are still some gray areas as to the definitions of these terms but it is clear that presidents, CEOs, LLC managers, and owners of more than 25% of the equity of the business are subject to the CTA. Some of the information that is required to be reported includes the names, dates of birth, residential addresses, and copies of identifying documents such as drivers licenses of the affected individuals.

Federal Filing Requirements for Businesses is Almost Here



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Newly Formed and Existing Business Entities

It is important to note that this law applies not only to newly formed businesses entities but also to existing entities. Business entities formed in 2024 are required to file with FinCen within 90 days of the date of formation. Entities formed prior to 2024 must file by January 1, 2025. After January 1, 2025, new businesses must file within 30 days of the date of formation. It is also important to note that even after the initial filing, a business is required to amend the CTA filing if there are changes to the beneficial owners or those with substantial control. Failure to report by the applicable deadline can subject you to substantial penalties such as civil fines of \$500 per day (up to \$10,000) for failure to file as well as up to two years of imprisonment for certain violations.

If you own a business entity and need any assistance with complying with the requirements under the Corporate Transparency Act, you may contact our firm and we would be happy to assist you

Scott A. Breen is an attorney and shareholder at Willingham & Coté, P.C. Mr. Breen also has a Master of Laws degree (LL.M.) in taxation. He specializes in the areas of business and real estate transactions as well as hospitality and alcohol beverage law. Mr. Breen may be reached at 517.324.1021 or sbreen@willinghamcote.com.



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Your Trust is Almost Ready... What's Next?

You have visited your lawyer and paid their bill to create a trust; however, you have more work to do to get what you paid for. You have spent precious time devising the perfect plan for your beneficiaries and have even determined the right person to implement your plan. Now, you need to fund your trust. What does it mean to fund your trust? To fund your trust means to proactively visit your money managers and other financial institutions to reassign and/or transfer your assets into the trust. It is generally recommended that the majority of your assets be transferred into the Trust to be available for your care-providers to provide care for you during your lifetime should you become incompetent.

To start, you should make a list of all of your assets and determine who is listed as the owner of those assets. If the asset is in your individual name, you then need to ask if you can name a beneficiary of that asset by a transfer on death designation [known as a "TOD"]. If you can, you then need to decide if you want that asset to be placed in the Trust now, at the time of your death, or if ever.

All post-tax assets such as stocks, bonds, CDs, money market accounts, mutual funds, checking/savings accounts, etc., can be transferred into the Trust and should be transferred into the Trust. You will usually leave a checking account and savings account open in your individual name so that you can cash checks, receive auto-deposits, and continue your auto-pays. It is recommended that you keep all accounts left in your individual name cumulatively below \$50,000 so that your loved ones gain access to those accounts after your death without having to file a petition in probate court. Any cumulative accounts not in the Trust and exceeding \$50,000 will require probate court to gain access to those accounts.

The next question is whether the asset can actually be transferred into the Trust. Pre-tax accounts such as IRAs, 401ks, 403bs, annuities, etc., cannot be transferred into the Trust. The federal government does not allow you to transfer those accounts into the Trust because taxes are still owed on those accounts. You can transfer those assets by TOD to the beneficiaries you designate. It is rarely recommended that you ever have those accounts transferred to the Trust

by TOD. Having those pre-tax assets transfer through the Trust results in higher tax consequences. You should consult with an attorney before naming your Trust as the beneficiary to any of those pre-tax accounts.

Real estate is transferred into your trust by transferring the title into the Trust.

After 2015, your attorney most likely prepared the deed transferring the real property into the Trust when drafting your Trust. For pre-2015 Trusts, the laws were different and it was not the common practice of attorneys to transfer the real property into your Trust.

You should consult with your attorney if your Trust was created before 2015 to confirm if your real estate was transferred into your Trust. Subsequently acquired real property should also be transferred into the Trust. You can do so by requesting the title company to transfer the property into your Trust at the time of closing.

Cars less than \$60,000 are not transferred into the Trust because your heirs or surviving spouse can transfer title to a motor vehicle after your death by submitting an affidavit to the Secretary of State. It is not reasonable to spend the extra money to transfer the vehicle into the Trust.

Funding the Trust may seem like a lot of work; however, if properly funded the loved ones you have left behind can focus on grieving your loss instead of fighting with financial institutions over access to your accounts. Please follow-up with your attorney if you have any questions about funding as it is everyone's mutual goal to ensure a smooth transition.

Torree J. Breen is an attorney and shareholder at Willingham & Coté, P.C. She specializes in the areas of estate planning and family law. Ms. Breen may be reached at 517.324.1034 or tbreen@willinghamcote.com.



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*Divorce & Family Law
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Willingham & Coté Halloween Costume Party

On Friday, October 18, 2024, our attorneys, friends, and clients gathered at University Club of Michigan State University to celebrate Halloween with a costume party. There was plenty of dancing to the party band Glo and a good time was had by all.



2024 FALL WEALTH MANAGEMENT SEMINAR



Willingham & Coté, P.C., had its **Fall Wealth Planning Seminar** on October 16, 2024. The purpose of the seminar was to allow our clients the opportunity to meet with other professionals within the Lansing community to further assist with their wealth planning. Our firm partners with various trusted CPAs, financial money managers, and long-term life care professionals.

Firm News

RECOGNIZED BY Best Lawyers®



Congratulations to **Scott Breen** for being selected to the 2024 edition of **The Best Lawyers in America** in the area of corporate law. Each year, no more than five percent of private practice attor-

neys throughout the United States receive this honor. Best Lawyers is nomination based and reflects the consensus opinion of leading lawyers in regard to the professional abilities of their colleagues within the same geographical area and legal practice area.



2024 Super Lawyers Announced

Michael Stephenson and **Torree Breen** of Willingham & Coté, P.C., have been selected to the 2024 Michigan **Super Lawyers** list. The firm would also like to congratulate **Stephen Focurier** and **Robert Wood** for being acknowledged as a **"Rising Star,"** which recognizes attorneys who are 40 and under or who have been practicing ten years or less.

Super Lawyers is a rating service of outstanding lawyers from more than 70 practice areas who have attained a high degree of peer recognition and professional achievement. Each year, no more than 5 percent of the lawyers in the state are selected by the research team at Super Lawyers to receive this honor.

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Staff Announcements



The Firm Welcomes Jenna Howard and John Schwend

Willingham & Coté, P.C., is pleased to announce that **Jenna Howard** and **John Schwend** have joined the firm as associate attorneys. Both attorneys are members of the firm's insurance practice group and focus the majority of their practice defending insurance companies in first-party no-fault cases and insurance policy-holders in third-party auto cases.