

## An Estate Plan for Santa Claus

What if Santa and Mrs. Claus decided to do an estate plan? Although they would doubtless be great clients, the actual plan could be a challenge.

What is the size of the Claus estate? It is extremely hard to calculate, even for Mr. and Mrs. Claus. Their accountant merely shrugs when asked. For the next few years at least, estate tax will be a killer. Santa's toymaking business is prospering. He has enough inventory to supply every child on earth with at least one toy each year. There are now over 6 billion people on earth, and if just half of those are children, and if Santa spends just \$20 on each child, he is spending 60 billion dollars per year on Christmas gifts alone. Apparently this formal gifting program is not reducing the size of his estate nor his tax liabilities sufficiently since he's continued to do this since the 4<sup>th</sup> century.

Another consideration for Santa's estate plan will be caring for the hundreds of elves that work in his shops and are apparently totally dependent on his largess for survival. There are no known relatives to serve as guardians in the event of Santa and Mrs. Claus's joint demise. And even if relatives can be tracked down, it is doubtful that they will have the wherewithal to care for so many dependents. We might want to consider starting a charitable organization that establishes homes, jobs, and caretakers for these magical little people.

Santa has also invested a lot of time, money, and love in his wild animal preserve. Besides the normal elk, caribou, and polar bears, Santa has successfully bred a unique species of flying reindeer and at least one with a light-emitting snout. It's likely that several world zoos will be clamoring to add these animals to their collection, but it would be advisable for Santa and Mrs. Claus to make some of these decisions ahead of time.

Obviously, death isn't the only concern for the Clauses. If Santa were to be disabled by a collision with an aircraft, a fall from his sleigh on a fast take-off, or a gun shot wound from someone who mistakes him as a burglar, the business could be in trouble. Mrs. Claus has had her hands full taking care of the elves, and hasn't had a lot of direct involvement with the toymaking. It might be wise to pick some key elf employees from executive management who can be trained to take over. Perhaps an ESOP is appropriate, or a prenegotiated buy-sell agreement. Due to his advanced age (approximately 1600), and the fact that he is overweight and smokes, life insurance is also unlikely – but should not be ruled out because of his overall good health and vitality.

One other issue to be considered is citizenship. Although we think of Santa as an American icon, he was actually born as Nicholas of Myra in Anatolia – which is now southwestern Turkey. Rumor has it that he met Mrs. Claus while watching the annual tree lighting at Rockefeller Center in New York. If Mrs. Claus is a U.S. Citizen, proper tax planning will require her to at least prepare a Qualified Domestic Trust.

Obviously, planning for Santa and Mrs. Claus will be a daunting task requiring our best efforts. Like Santa, our firm wishes you a "Merry Christmas to All", Happy Holidays, and a Happy and Prosperous New Year.