

# My Personal Journey Through LegalZoom.com

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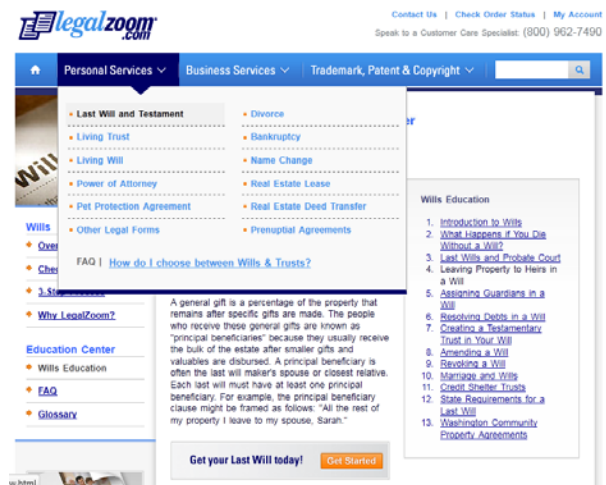
## Introduction

Everyone has seen the ads from LegalZoom.com featuring lawyer Robert Shapiro, encouraging you to “put the law on your side.” Millions of dollars have been spent advertising legal self-help sites. These sites have spawned a number of lawsuits over flawed documents. In 2010 a suit was filed in California over a LegalZoom trust that could not be funded (see "*Online Legal Documents Company Sued Over Flawed Estate Plan*," [www.elderlawanswers.com/resources/article.asp?id=8355&section=4](http://www.elderlawanswers.com/resources/article.asp?id=8355&section=4)). Another in Missouri in 2009 (see *Todd Janson vs. LegalZoom.com, Inc* -- [http://ipwatchdog.com/cases/janson\\_v\\_legalzoom\\_complaint.html](http://ipwatchdog.com/cases/janson_v_legalzoom_complaint.html)) was based on a UAL claim. While the jury is still out on whether LegalZoom has been involved in the unauthorized practice of law and many remain dismissive of these self-help sites, anyone who has read Richard Susskind's “The End of Lawyers?” understands the need to pay attention to this trend. The great recession cut deeply into law firm revenues. Clients price-shopped, postponed discretionary planning and sought out lower cost on-line solutions. Some firms closed their doors forever. The recession may be technically over, but there is no putting the genie back in the bottle. The internet has forever changed the way we work and play and it continues to fuel the do-it-yourself-crowd with more information and resources available than ever before. Welcome to the “new normal.”

I have been involved in the technology business and specifically document assembly since the mid 1990s. It has been interesting being an active participant in the development of Wealth Transfer Planning™ (a product of InterActive Legal). I was innately curious about LegalZoom and other self-help sites so I decided to try it. As a non-lawyer who has been exposed to estate planning for many years, I smugly considered myself ahead of the knowledge curve in this area. This article documents my personal journey as a legalzoom.com customer interested in protecting my family and assets.

## .The LegalZoom Promise

- "Each LegalZoom Last Will package is backed by our 100% satisfaction guarantee and comes with lifetime customer support."
- "Our documents have been accepted by courts and government agencies in all 50 states."
- "No surprise pricing. We offer effective services without expensive hourly fees."
- "94% of our customers would recommend LegalZoom."
- "Start your business. Protect your family. Launch your dreams."
- "70% complete their own will within 15 minutes."



## Getting Started

It seems pretty easy. Browse to [www.legalzoom.com](http://www.legalzoom.com), choose the document, answer some questions, supply your credit card information and viola--your finished document arrives via email. If you choose the more expensive Comprehensive Package, a paper copy is delivered by FedEx. The lure is clearly the price: a Will is \$69-79 and the pricing for a Revocable Trust is \$249-269.

## Fact Pattern Used

**Disclaimer:** This is a fictitious client. I choose an uncomplicated "middle-class" fact pattern. Client is married, lives in Florida, has three adult children and \$500K in total assets (not unusual when you tally home, savings, life insurance, cars, valuables, 401K, etc.). There is not enough money to trigger federal estate tax issues.

**Goal:** Have all property to go my husband. If he dies before me, then to my children in these shares:

### Children:

Stephen

Married, Age 33

Sold his Dot.com Company in 2000 -- has significant wealth—he receives smaller share than his sisters

Receives 10% (his share goes outright – no trust)

Christen

Married, Age 28

Receives 45% (I don't trust her husband so her share goes into a perpetual trust that he can't touch)

Megan

Single, Age 24

Receives 45% (her share goes outright – no trust)

**Net worth:** \$500,000 (total assets)

## The Process

- 1: Register at the LegalZoom site.
- 2: Choose a document from the LegalZoom library.
- 3: Complete the online questionnaire.
- 4: Pay for your purchase with credit card.
- 5: Someone at LegalZoom reviews the data input.
- 6: Document is delivered, ready for execution.

Delivery method depends on whether you choose Basic or Comprehensive package. Basic includes a paper copy of your completed document mailed to you. Comprehensive provides delivery via email and a hard copy arrives via 2-day delivery service.

## First Step

I am asked to "Choose a document." A list appears with many categories --- wills, trusts, limited partnerships, real estate leases, divorces, copyrights, patents, and more). I want to protect my family with a Will (I think) or some other document. Do I need a Will or a Living Trust? The decision can have a profound impact on my family. I don't feel qualified to make the right choice. From experience, I know there are many family and legal issues that should be considered here and I wish I had an attorney to call. Nevertheless, I push on.

Continuing on my self-help journey, I explored LegalZoom's "help," looking for answers to whether I should use a Will or a Living Trusts. I found a Frequently Asked Questions page in the Will Information Center. Here is what it says about Living Trusts:

*"A living trust lets you control who receives your assets after you die. However, this isn't the only reason to create a living trust. A living trust can offer many benefits to its creator. For example, a living trust can help your beneficiaries avoid the probate-related expenses and delay normally associated with wills. Probate is required if the value of your probate estate exceeds a relatively low amount, which varies by state. Probate*

*can last longer than two years...and can cost up to 10% of your estate's value. Living trusts can provide more privacy than wills. Although wills must be submitted to a probate court – and therefore made public—living trusts need not be. Living trusts may help you avoid certain estate taxes if they are prepared and funded properly. Finally, living trusts let you hand over the management of your assets if you become incapacitated.”*

More questions. Is probate terrible in my state? Is it something I should really avoid? Then there is: "Probate is required if the value of your probate estate exceeds a relatively low amount which varies by state." What's the threshold in Florida? I can surely find it on the internet with more self-help. However, information is not advice and I am still in a quandary. As a self-help customer, I have to 1) read the help and learn about these concepts, 2) determine how the issues affect me, and 3) make critical decisions flying blind.

"Living trusts may help you avoid certain estate taxes if they are prepared and funded properly." How do I "fund" it? Estate Taxes—do they affect me? I don't know the answers. Because I am leaving for an overseas trip next week, I want to get something on paper and signed. Frustrated by the complex topics, I abandon the idea of creating a Living Trust and select a Will, hoping that my assets go to my family and not into the state coffers.

## Second Step

I complete a Will "questionnaire," a collection of standard data entry forms supplying information about me, my husband, children, personal representatives, trustees and individual gifts.

legalzoom™ Last Will and Testament Questionnaire

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**Common questions before creating a will**

**How long will this take?** [Help](#)

If you're like most people, you'll find these questions simple to answer -- in fact, you'll probably finish in less than 15 minutes.

**What information will I need?**

You will need the names of the people you want to inherit your property and any special gifts you want to make.

You will not need any legal documents or other official information.

**Select your state**

LegalZoom Last Wills are designed to meet the unique legal requirements of all 50 U.S. states.

Please select that state in which you currently reside.

Florida

legalzoom™ Last Will and Testament Questionnaire

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**Who is making this Last Will?**

First Name [Help](#)

Mary G.

Last Name

Smith

**Where do you live?**

City

Melbourne

County (not country)

Brevard County

State

Florida

Are you now married?

Yes

Do you have any children? [Help](#)

Yes

Are you currently of sound mind and free of mental illness? In addition, are you physically able to sign this document on your own power? [Help](#)

Yes

legalzoom.com

Why make a Will today: Name Guardians for your children

LegalZoom has been featured in the Wall Street Journal, New York Times, and USA Today.

Dedicated to Customer Care

(800) 962-7490

CALL US TOLL-FREE M-F 8:00 AM - 7:00 PM PT

BBB A+ Accredited Business

VeriSign Secure Site

legalzoom™ Last Will and Testament Questionnaire

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**Principal Heirs**

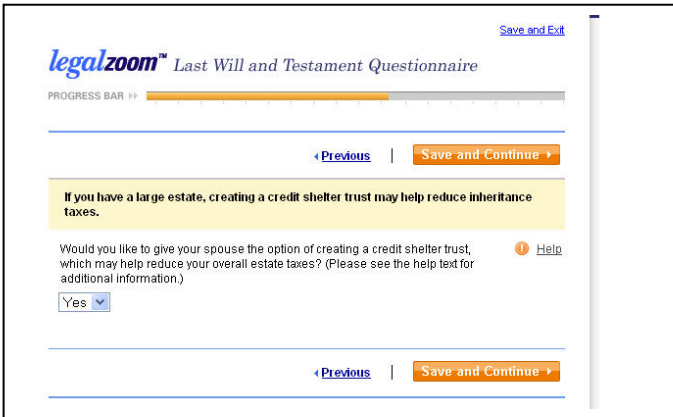
How would you like to distribute your estate? [Help](#)

How did most people answer this question?

I want to leave everything to my spouse.

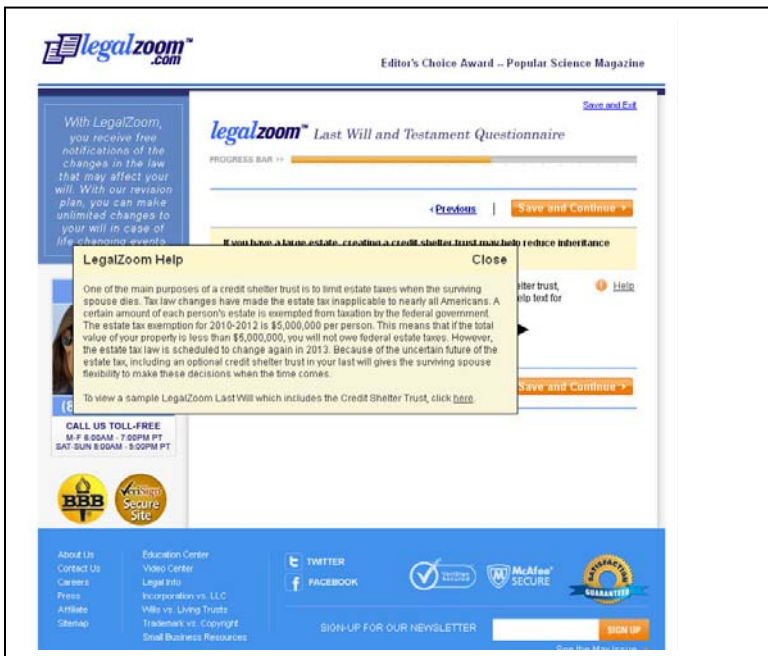
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Next, we're on to the challenge round. "If you have a large estate, creating a Credit Shelter Trust (What's that??) may help reduce inheritance taxes."



ing over my head. Is my \$500K estate considered a "large" to me? Do I need or should I use a Credit Shelter Trust?

I realize now that what I really want is NOT to generate a Will--but to protect my family and ensure my assets are distributed the way I intend. I need solutions and it's up to me to solve my own problems. So, I'm back to researching legal and tax concepts using the LegalZoom "Help" button to see what it recommends.



LegalZoom help seems to think a Credit Shelter Trust provides some flexibility so I answer "Yes." (Is it possible for me to grasp the concept of a Credit Shelter Trust after reading a single paragraph? I think not. I'm taking a leap of faith here.)

Next I'm asked if I would like to "include a Testamentary Trust clause" to protect my children. (Huh??) I again visit the LegalZoom help area. I chose "Yes" although I am not completely comfortable with my answer. I am asked for the beneficiary name, how long the beneficiary's share will be held in trust, and to name the trustees. More foreign concepts. The remainder of the questionnaire contains questions about a final resting place and special funeral instructions. Ok, those I can answer, but I assume that by the time the Will is reviewed by my family a few weeks after death, it will likely be too late if I'm buried in the wrong cemetery.

### Third Step

Now that the questions are answered, I must pay for my document. Frankly, this is the only really easy part. Information appears telling me that the document will be reviewed for grammar, typos and other errors (but not for legal sufficiency). For an extra \$17 charge, I can receive my Will via email and overnight express delivery of a hard copy. I opt for express delivery.

### Fourth Step

The next day I receive a call from "Seth" at LegalZoom. He needs to clarify a few answers, primarily those on Christen's trust screen. I specified that her trust would last in perpetuity—meaning it will never terminate. I didn't know whether Florida permits these perpetual trusts (some states don't) and was curious about how LegalZoom deals these situations. Seth said I can't have the trust go on indefinitely and I need to supply a termination date. He didn't explain why (was it a Florida law issue or a LegalZoom software limitation?) I suspect Seth is a lawyer. When I asked questions he nibbled around the edges but clearly avoided giving "legal advice." This a delicate balancing act for LegalZoom-- when the customer doesn't understand concepts and their implications and needs guidance. Seth said he'll change the trust termination language and send me my Will.

My ready-to-sign Will arrived the next day in a nice presentation folder with instructions on how to have it executed. It looks very impressive but I have no idea whether it is the right tool for the job, if its terms are legally enforceable in Florida, or whether it protects my family the way I intend. Of course, since this was a fictitious Will, it remains unsigned. I have a new found appreciation for what lawyers do.

### Summary

The customer experience was good. I was able to work my way through the lengthy questionnaire although I did not always understand the implications of what I was choosing. Using LegalZoom for do-it-yourself legal help is much like a novice re-wiring their bathroom electrical system—anyone with access to a Home Depot, a pair of wire cutters and a screw driver can do the job-- but it's dangerous.

There are times when it pays to call a trained professional and have the job done right. Legal services are not for the do-it-yourselfer. There are just too many ways to "screw it up."

### The Takeaway

The public greatly underestimates the value that estate planning lawyers bring to the table. With Rocket Lawyer, LegalZoom and discount "trust mills," it's difficult if not impossible to compete and make a decent living. Lawyers make the situation worse by including pricing and "document lists" in their marketing plans. It's a self-inflicted wound. They believe they're selling legal services but clients believe they're buying paper. How often have you seen ads like "Wills—From \$149.00"). The Will is now a commodity I can shop for like a toaster. A prospect with no other means to judge the value of your services will default to price--the lowest common denominator. It then becomes a race to the bottom as firms in the same market compete on price, each one undercutting the other. No one wins this game, least of all the client. (For an excellent resource on this topic, I encourage you to read "The End of Lawyers?" by Richard Susskind.)

Good lawyers are more than technicians. They are true counselors--considering the client's fears, pain points and needs—then crafting solutions. They listen and understand what the client really wants, and that doesn't always mean it's the best solution from a financial or tax advantage. However, it is what the client is willing to pay for.

Does this sound familiar? "*So, Mr. & Mrs. Smith, based on what we've discussed, I can prepare a Pourover Will, a Revocable Trust, a Durable Power of Attorney and a Health Care Proxy for \$1,250.*" The client who hears this

"closing speech" now has a shopping list with which to hunt down the best deal on those "documents." LegalZoom may be their next stop. There is no way to compete with LegalZoom. They'll always beat you on price.

The solution? Ask questions. Explore family dynamics. (How much do they trust their son-in-law? Does a child have a substance abuse problem? What if one of them gets sick? Have they provided for long-term care? Do they have any cherished pets? What about family heirlooms they want to be sure get passed down?).

Consider reframing the conversation: *"So, Mr. & Mrs. Smith, I now have a clear picture of your situation and understand your concerns. I will prepare a custom tailored plan that takes care of all of these worries. My plan design fee is \$2,500 and, of course, that includes all the documents you'll need. We can get started today..."* Note that we doubled the fee. You are no longer selling documents and that custom plan allows your client to sleep at night. You will not need to worry about them shopping the internet for instant Wills.

The next time you interview a prospect, try this approach. You will find that price resistance goes away, your closing ratios will skyrocket, and the peace of mind you bring to your clients is priceless.

I'd like to hear from you. Write me with your experiences at [info@prosoftlegal.com](mailto:info@prosoftlegal.com).

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### Top 10 Planning Scenarios Not Covered by LegalZoom

1. Clients who want to leave property to specific people or charities if spouse/descendants are not living.
2. Clients who want to ensure property stays in the family line, rather than passing to son-in-law or daughter-in-law if a child dies.
3. Clients with disabled children/beneficiaries (or who would like to include provisions to apply in case a child develops a disability later in life).
4. Clients who want to include special provisions for beneficiaries who develop substance abuse problems.
5. Clients who would like to protect property from creditors and provide management by leaving it in trust for their spouse.
6. Clients who would like to have property sprinkled out to children at different ages – such as 1/3 at 25, 1/3 at 35, and 1/3 at 45.
7. Clients who would like to put property in trust for children, but make sure all income is given to the child each year.
8. Clients with children from prior marriages, where they may want to exclude certain children, or include step-children.
9. Clients who live in a state where there is state estate taxation.
10. Clients with specific residency issues, such as community property state residents, resident aliens, or clients with property in several states.