

TRUST & ESTATE PLANNING NEWS



August 2014

In This Issue

Is Your Child's Inheritance at Risk?

For many years, the most common way of leaving assets to adult children and other loved ones has been through an outright distribution. For example, upon the death of both Husband and Wife, their child inherits the estate *outright* and all of the parents' assets are retitled directly in that child's name (the home, the bank accounts, the investments, etc.) This is the simplest way to leave assets to loved ones and, as a result, the vast majority of living trusts provide for this type of outright distribution. But this manner of distribution has **three main disadvantages**:



- 1. Risk of Creditors:** when your child inherits your estate *outright*, the assets are titled in his or her name directly. Therefore, if your child is sued or has creditors, the assets that they have inherited from you become subject to judgment liens and creditor claims.
- 2. Risk of Divorce:** when your child inherits your estate *outright*, it becomes very easy for them to commingle the assets with their spouse and, in the event of a divorce, a significant portion of the assets that your child has inherited from you may be lost to their spouse in a divorce.
- 3. Risk of Assets Passing Outside the Family:** when your child inherits your estate *outright*, you no longer have control over what happens to those assets when your child later passes away. And under California law, if your child passes away without a living trust or will, their spouse will be entitled to a significant portion of the assets that your child has inherited from you; therefore, if your child passes away, the assets they inherited from you will NOT go entirely to your grandkids – instead those assets will pass in part or entirely to your son-in-law or daughter-in-law, thereby passing outside the family.

After undergoing countless hours of legal education, we introduce to our clients a **new method** for leaving your assets to your loved ones. Through the use of a **Multi-Generational Trust**, we can now protect the assets from creditors, divorce, and from passing outside of the family. The Multi-Generational Trust allows your beneficiaries to be in full control of their inheritance while affording them maximum protection from the disadvantages explained above. However, in order to afford this protection to your children, your trust must be reviewed and amended during your lifetime in order to include the appropriate provisions that would protect the assets for your children after you have passed away. We are currently offering a complimentary review of your estate plan and encourage you to call us as soon as possible at (714) 282-7488 to see how we could protect the future of your loved ones.

Is Your Child's Inheritance at Risk? Page 1

Another Baby Delivery! Page 1

Employee Appreciation: Meet Gilbert Traylor Page 2

The Recent U.S. Supreme Court Decision: How It Affects Your Loved Ones Page 2

Your Living Trust May Be Outdated Page 2

Contest Prize Results: "Dinner and Movie Giveaway" Page 3

Upcoming Events: "Family Days" Page 3

Recipe Corner: Best-Ever Peanut Butter Cookies Page 3

Sudoku Puzzle Page 3

Dinner and a Movie Give-Away! Page 4

Jim's Memo Page 4

A Little Humor: "Brave Patient" Page 4

Another Baby Delivery!

Our clan at James F. Roberts and Associates is growing! We would like to congratulate our office manager, Shannon Webb, and her husband Brian Webb, on becoming parents to a beautiful and healthy baby girl: Teagan Frances Webb. And there's more news on the baby front! Our employee Tamara Anderson and her husband Nicholas Anderson are expecting their second child this fall. With all the babies around here, James Roberts is considering converting his law firm into a nursery!



Employee Appreciation: Meet Gilbert Traylor

Gilbert Traylor is our Client Relations Specialist, as well as the newest member of our team. Many of you may have already had the opportunity to speak with Gilbert as he regularly reaches out to clients with important updates and schedules appointments for clients with the attorneys to make sure that they have their estate plan in order. Gilbert is an outstanding employee with an impressive background: he is a Marine who served our country in the Vietnam War and was awarded a Purple Heart Medal for his bravery after being wounded in action. Thereafter, he personally served President Lyndon B. Johnson through his service on Marine Helicopter Squadron One (which is responsible for the transportation of the President and Vice President through Marine Corp helicopters). We would like to thank Gilbert for all of his hard work!

The Recent U.S. Supreme Court Decision: How It Affects Your Loved Ones



Breaking news! The Supreme Court case of Clark v. Rameker is changing the world of estate planning and financial/retirement planning. Do you have retirement accounts? If yes, then you must learn the ramifications of this crucial case.

In June, 2014, the Court held that when a beneficiary receives funds in the form of an inherited IRA those funds are NOT considered “retirement funds” and, thus, the funds are available for creditor collection in a debtor’s bankruptcy estate. This ruling changes the long standing laws that used to protect inherited IRAs from creditors.

Planning opportunities still remain if you want to protect your IRA beneficiaries from creditors and other predators. **The solution is an Individual Retirement Account Trust (“IRA trust”).** The IRA trust allows for the stretching of your IRA over the life-time of the beneficiary and it protects against bankruptcy, lawsuits, creditor claims, divorce and mismanagement of assets. Establishing an IRA trust today is more important than ever! If you want to learn about your planning opportunities, please contact us (714) 282-7488 and we will be happy to answer any questions you may have.

Your Living Trust May Be Outdated



On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012 (ATRA). This law created “permanency” in the estate planning area for the first time in over a decade. As a result, we now have a much clearer idea as to whether a client’s estate will be subject to estate tax (also known as the “death tax”) after they pass away. However, prior to this law being passed, the uncertainty of the estate tax laws required most married couples to establish a sophisticated (and often complicated) type of trust known as an AB trust. An AB trust requires that the surviving spouse **divide the estate into two trusts** after the first spouse passes away. Moreover, the surviving spouse has to **maintain two separate trusts** for the remainder of

his or her lifetime, as well as **file an additional tax return each year**. Ultimately, an AB trust could result in unnecessary headaches and expenses.

From the time that the tax laws became permanent, we have literally updated hundreds of clients’ trusts in order to make their estate plan simpler and avoid the complexities of the AB Trust. However, **there are still many clients** who have neglected to have their estate plan reviewed despite the changes in the law. We are currently offering a review of your estate plan by an experienced attorney to make sure that it is up to date. Take advantage of the complimentary review by calling *The Law Office of James F. Roberts & Associates* at (714) 282-7488. Additionally, we understand that other estate planning firms are not as proactive as we are about keeping clients informed of changes in the law; therefore, if you have a friend or relative who has a trust that was not prepared by our office, we encourage them to call our office for a complimentary review of their estate plan as well.

Contest Prize Results: “Dinner and Movie Giveaway”

In our March newsletter, we held a contest in which the winner would receive a special gift: Dinner and Movie Tickets for two. To win, you had to be the 50th person to download an online pamphlet on our website entitled “The Ten Things You Must Know Before Creating (or Amending) Your Will or Trust”. We are extremely excited to announce the winner of our contest, Scott R. of Orange County, California, who will be awarded a Dinner and Movie Package! However, we were so pleased to find out that so many of you visited our website to participate in the contest that, as a result, we will be giving away two (2) Movie Tickets to **EACH** person who participated in the contest! Thank you for your participation and for being a valued client of our firm! Please be sure to enter our current contest, as well (see page 4)!



Upcoming Events: “Family Days”

The Law Office of James F. Roberts & Associates is hosting a free “Family Days” event where our clients are to bring their family, friends, successor trustees and other interested individuals to learn more about how estate planning really works. During the event, we hold a workshop on how a living trust is established and we discuss the steps that must be taken after a client passes away. Snacks and beverages are provided and it is a great way for our attorneys to build a personal relationship with you and your loved ones. Family Days is meant to be educational and fun, and we encourage you to bring as many people as you can to attend! Save one of the following dates: **Saturday September 27th, Thursday October 2nd, or Saturday October 4th** -- Invitations will be mailed out soon. We hope to see you there!

Recipe Corner: Best-Ever Peanut Butter Cookies

This recipe requires no flour and is absolutely delicious!

Ingredients:

- 2 cups peanut butter
- 2 cups white sugar
- 2 eggs
- 2 teaspoons baking soda
- 1 pinch salt
- 1 teaspoon vanilla extract

Directions

1. Preheat oven to 350 degrees. Grease cookie sheets.
2. In a medium bowl, stir peanut butter and sugar together until smooth. Beat in the eggs, one at a time, then stir in the baking soda, salt, and vanilla. Roll dough into 1 inch balls and place them 2 inches apart onto the prepared cookie sheets. Press a criss-cross into the top of each ball using the back of a fork.
3. Bake for 8 to 10 minutes in the preheated oven. Allow cookies to cool on baking sheet for 5 minutes before removing to a wire rack to cool completely.

Sudoku Puzzle

7				2	4	6		9
	3		1	8			7	5
		4				3	2	1
5		6		7				
			4		3			
				9		7		4
4	7	2				9		
8	5			4	7		1	
9		1	8	3				7

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Fill in the blank squares so that each row, each column and each 3-by-3 block contain all of the digits 1 thru 9.

If you use logic you can solve the puzzle without guesswork.

Need a little help? The hints page shows a logical order to solve the puzzle. Use it to identify the next square you should solve. Or use the answers page if you really get stuck.

 **krazydad**
free puzzles and mazes

One's roommate (who has cat's claws) has an alarm clock that is louder than God's own.





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Dinner and a Movie Give-Away!

Because our last contest received such a great response, we are holding another Dinner and a Movie Give-Away! On our website, we have a pamphlet available for download entitled, "Multi-Generational Trust: Protecting Your Loved Ones' Inheritance". You can download the pamphlet by visiting www.webuildyourtrust.com and following the link on our homepage to "Multi-Generational Trust: Protecting Your Loved Ones' Inheritance". Simply enter your name and email address in the online form and select the button titled "Get Free Pamphlet Now". The 50th client to download our pamphlet will receive a night out on the town! Hurry and enter the contest now!



Jim's Memo

This newsletter may be the most important newsletter to date. In this issue we will be discussing a very recent United States Supreme Court case that can have significant impact on your beneficiaries when they inherit your Individual Retirement Account ("IRA") or other qualified plans. If you have an IRA, read the article on page 2 regarding the U.S. Supreme Court decision to understand how your loved ones may be affected. Additionally, if you are concerned (as many of our clients are) about protecting your children from lawsuits and divorce, the article on page 1 entitled "Is Your Child's Inheritance At Risk?" will provide you with a solution that addresses these concerns.

Estate planning, among other things, is about providing for and protecting our loved ones by designing a master plan for our assets when we leave this world. However, **planning for the present is just as important as planning for the future**; we should never lose sight of the importance of spending time with family and loved ones during our short time here. Recently, my wife Gayle and our two adult children, Dustin and Diana, embarked on a three week road trip around the United States. We went as far north as North Dakota, as far east as Washington D.C. and as far South as New Orleans. Our trip covered 25 states and it ended with many memorable and wonderful experiences. On the last leg of our journey, while driving from Yuma, Arizona to our home in Orange County, California, our daughter was on the phone booking our next family vacation. Take time to enjoy your loved ones...

A Little Humor: "Brave Patient"

The Smiths were shown into the dentist's office, where Mr. Smith made it clear that he didn't want to spend a lot of money. "No fancy stuff, Doctor," he ordered, "No gas or needles or any of that stuff. Just pull the tooth and get it over with." "I wish more of my patients were as brave as you," said the dentist admiringly. "Now, which tooth is it?" Mr. Smith turned to his wife... "Show him your tooth, honey!"

