

TRUST & ESTATE PLANNING NEWS



LAW OFFICE OF JAMES F. ROBERTS
& ASSOCIATES, APC
ESTATE PLANNING YOU CAN TRUST

December 2014

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Happy Holidays from Our Family to Yours

The holiday season has fast approached us and we would like to thank you for being our clients and trusting us to help you. Many of you may still remember when Jim Roberts first began his practice – it was a one-man shop with Shannon Webb as his only assistant. Today, we’ve grown to a firm of three attorneys and seven outstanding employees and support staff. We have you, our loyal clients, to thank for that. We are grateful for your business and the trust that you have in us. Merry Christmas and Happy Holidays!



The 40% Estate Tax – Who Does it Apply To?



The Estate Tax, sometimes referred to as Death Tax, applies to *everyone* who dies leaving assets to their loved ones. The good news is that the estate tax exemption is currently \$5.34 million, which means you could leave up to \$5.34 million worth of assets at your death and your estate would not owe any estate tax. However, any amount in excess of this amount is subject to a **40% estate tax rate** - a very harsh tax consequence.

Many of our clients established their trusts when the estate tax exemption amount was much less. For example, it was only \$675,000 in the year 2000, \$1,000,000 in 2003, and \$1.5 million in 2005. Because of the lower exemption amounts in earlier years, many clients’ estate plans were specially designed with complex techniques in order to avoid and/or reduce the estate tax burden. Specifically, many trusts **require** the married couple’s assets to be divided into two separate trusts when one spouse dies (Trust A and Trust B), and that the surviving spouse file two tax returns each year.

With the much larger exemption amount in effect today (\$5.34 million), most of our clients no longer need such complex estate plans – but unfortunately many of you still have them. We are strongly encouraging you to contact our office at (714) 282-7488 to review your living trust to ensure it is not outdated and meets your needs.



Survey: How Healthy is Your Estate Plan?

Below is a brief list of items that every Living Trust should address. If you are unsure whether your Living Trust contains one or more of these items, contact our office for a review of your estate plan.

	Missing	Included	I Don't Know
1. Does your trust contain a Disability Trustee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Do you have a comprehensive Financial Power of Attorney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Do you have a "springing" valid Power of Attorney authorizing an agent to make medical decisions for you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Do you have a release form allowing loved ones to access your medical information in an emergency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Does your trust protect your children's inheritance from the claims of a divorce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Does your trust protect your children's inheritance from lawsuits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Do you have a system to keep your documents current in the event of legal or personal changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

We are currently offering a complementary review of the estate plan for clients who have not had their documents reviewed by our office in the past year. Do not postpone scheduling your end of the year review! Contact us at (714) 282-7488 to arrange for your estate planning documents to be reviewed by one of our attorneys.

Children & Divorce – What Happens to Their Inheritance?



It is a sad reality that over 50% of marriages today end in divorce. This is a common concern for many of our clients who leave assets to their married children and they frequently ask, "Will my child's inheritance be protected in the event of a divorce?" Unfortunately, we can't answer this question without a crystal ball. You see, your child's inheritance is his or her separate property when they inherit the assets from you (and technically divorcing spouses should have no claim to it). However, we find that the vast majority of our clients' children FAIL to keep the property separate. They often deposit the money into a joint bank account, use it to pay the mortgage, spend the money on remodeling their home, etc. Any one of these

actions could jeopardize your child's inheritance in the event of a divorce. So what's the solution?

Here it is. Don't leave your assets *to* your child outright. Instead, leave your assets in a trust *for* the child. They can have full control over their trust and spend the money as they need it, but in the event of a divorce (or any other lawsuit or creditor concerns), the assets are protected because they are not part of the child's estate - instead the assets remain shielded in the family trust.

Even today, many clients' trusts provide for an outright distribution to their children, thereby exposing the child's inheritance to the risk of creditors, predators and divorce. If you have not had your trust reviewed recently, now is the best time to do so to ensure that it includes special provisions protecting your child's inheritance for the rest of their life (and for the life of the next generation, too). This tool is referred to as a Multi-Generational Trust, or a Lifetime Protection Trust, and can be incorporated into your existing living trust through an amendment. It is the small changes you make today that make the deepest impact for your loved ones in the future.

To learn more about the Lifetime Protection Trust, schedule a review of your living trust by calling the Law Office of James F. Roberts & Associates at (714) 282-7488.

Humor: "Which Restaurant?"

A retired couple had dinner at their friends' house, and after eating, the wives left the table and went to the kitchen.

The two men were talking and one said, "We've been going to a new restaurant and it's really great. I'd recommend it very highly."

The other man asked, "What's the name of the place?"

The first man thought awhile and finally said, "What are those flowers you send a woman you love? The ones with red petals and thorns?"

"You must mean roses," he replied.

"That's it," said the man. He yelled to his wife, "Rose, what's the name of the restaurant we like?"



Sudoku Puzzle

krazydad
free puzzles and mazes

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

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.

Recipe Corner: Pumpkin Cake Roll

Here is one of our favorite recipes for the holidays!

Cake Ingredients:

3 eggs, separated
1 cup sugar, divided
2/3 cup canned pumpkin
3/4 cup all-purpose flour
1 teaspoon baking soda
1/2 teaspoon ground cinnamon
1/8 teaspoon salt

Filling Ingredients:

1 package (8 ounces) cream cheese, softened
2 tablespoons butter, softened
1 cup confectioners' sugar
3/4 teaspoon Vanilla Extract



Recipe Instructions:

1. Line a 15-in. x 10-in. x 1-in. baking pan with waxed paper; grease the paper and set aside. In a large bowl, beat egg yolks on high speed until thick and lemon-colored. Gradually add 1/2 cup sugar and pumpkin, beating on high until sugar is almost dissolved.
2. In a small bowl, beat egg whites until soft peaks form. Gradually add remaining sugar, until stiff peaks form. Fold into egg yolk mixture. Combine the flour, baking soda, cinnamon and salt; gently fold into pumpkin mixture. Spread into prepared pan.
3. Bake at 375° for 12-15 minutes. Cool for 5 minutes. Turn cake onto a kitchen towel dusted with confectioners' sugar. Gently peel off waxed paper. Roll up cake in the towel, starting with a short side. Cool completely on a wire rack.
4. In a small bowl, beat the cream cheese, butter, confectioners' sugar and vanilla until smooth. Unroll cake; spread filling evenly to within 1/2 in. of edges. Roll up again. Cover and freeze until firm. Remove from the freezer 15 minutes before cutting. Yield: 10 servings.

Family Days DVD's Available For Free



For many years our firm has conducted educational workshops to help explain the trust administration process to the successor Trustees. We refer to these workshops as Family Days.

Our 2014 Family Days had more successor Trustees in attendance than any previous year and we are delighted to have helped so many of them understand more about their role in the trust administration process. Unfortunately, because we reached our venue's capacity, we had to turn some clients away.

In case you missed it, we recorded the Family Days workshop this year and we are offering the high quality, professional DVD to our clients, their family and their friends - free of charge. Call our office at (714) 282-7488 and request your free DVD or visit www.WeBuildYourTrust.com to request your free copy.

You and your successor trustee will better understand their duties by watching this very useful and informative DVD.

Sharing the Message

Our team of attorneys truly believes that education is critical to help get the message out about the benefits of proper estate planning. We welcome the opportunity to provide educational presentations to any groups or organizations that would like to have one of our attorneys explain estate planning in language that everyone can understand. If you know of an organization, workplace or group that would like to have us share our knowledge in the form of an interactive workshop, please call our office manager, Shannon Webb, at (714) 282-7488 to make the arrangements.



Upcoming Events



With the New Year right around the corner, we have many exciting events to look forward to. Our next event, "New Year Resolution: Estate Plan!" is going to be held in January and in the coming weeks we will send out invitations with more information. This free event is meant for individuals and couples who are not currently our clients but are interested in learning more about establishing an estate plan. We strongly recommend that you encourage your children, relatives, friends and neighbors who don't currently have an estate plan to attend. There will be snacks, beverages and lots of useful information! There will also be a drawing for one lucky attendee to win a FREE new estate plan! Details, date and time information to come...



Contest and Prize Results

To encourage our readers to be interactive with our website and explore the various estate planning resources available to them there, in each newsletter we hold a contest that involves visiting our website and downloading reading material on estate planning. Congratulations to George and Barbara Normandin of Huntington Beach, California, who won the contest announced in our last newsletter. We hope you enjoy our gift to you and your night out on the town!

The new contest starts NOW! The 50th person to download the pamphlet titled "Trust Administration" from our website, www.webuildyourtrust.com, will win a special prize and be announced in our next newsletter. Ready, set, go!



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Why Most Americans Get An "F" When It Comes To Estate Planning?

In America, with perhaps the most freedom of any country in the world, one would assume that our citizens would exercise that freedom to protect themselves, their loved ones and their assets with proper planning—right?

Unfortunately, the reality is quite the contrary. First—according to a national survey conducted by LexisNexis, most adults in the United States (56%) do not have any estate plan other than the government plan. This means that most adults:

- o Let the court decide who will be in control of their financial and medical decisions upon losing capacity
- o Let the court decide who will raise their minor children
- o Let the government decide who will inherit their assets
- o Let the government supervise the transferring of their assets through the probate process that generally takes 1 to 2 years, at a cost of 5 to 10% of the fair market value of the estate

It is estimated that the cost of going through the probate process in the United States results in a loss of \$2 billion each year. It is further estimated that \$1.5 billion is paid to the attorneys that handle the probate.

If the majority of Americans don't have an estate plan other than the government plan; and if \$1.5 billion dollars is paid to attorneys each year for a process that could have been completely avoided—what grade can be given other than an "F" to most Americans?

Luckily, most of you reading this newsletter are clients of our firm and therefore your grade would be much higher than most Americans. However, many of your friends, your neighbors, your co-workers, and your family members don't have their estate plans in order. If you want the people that you care about to have the same protection that you have, we are here to help. Have them call our office at (714) 282-7488 and request a pamphlet "10 Things That You Must Know Before Establishing (Or Amending) Your Will Or Trust", or visit www.WeBuildYourTrust.com and download a copy of the pamphlet.