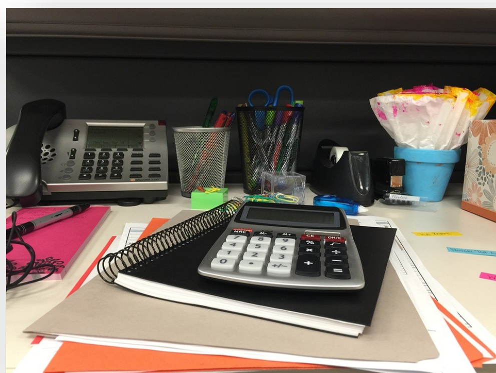
Need a New Year Resolution? Let's Get Organized Together!

January 2020

Happy New Year to you and your loved ones. We feel privileged to be your estate planning attorneys and to have spent nearly 40 years being entrusted with families and their estate planning. This year, if you are looking for a New Year Resolution, you might consider getting organized – physically and legally.



Physically, organization entails (1) removing the household clutter, (2) start making those gifts of personal property (jewelry, tools, china, etc.) that you have been planning to give to your loved ones during your lifetime, (3) throwing out old mail and bank statements and (4) making the home more "clutter free". Why do we recommend you do these things now? Because in our experience, when children come see us after their parents pass away, they are simply overwhelmed. Overwhelmed with paperwork, overwhelmed with grief and emotions, and overwhelmed by the amount of "stuff" their parents left behind which they often have no idea what to do with. To the extent you can do anything now to help them when you're gone, you would be doing them a tremendous favor.

Organization also involves getting your affairs in order and making sure your estate plan is up to date. At the beginning of each New Year, we offer a complimentary review of your trust, will and power of attorney for medical and financial decisions for clients who have not been in to see us in the last three years. If you have not had your estate plan reviewed in the last three years, please call us to schedule a complimentary review of your estate plan at (714) 282-7488.

In this issue

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

Pinecone Birdfeeder DIY

Pinecone Birdfeeder Materials:

- Large open pinecones
- Peanut butter
- Twine
- Birdseed

This is a fun way to enjoy feeding birds in your back yard! Get full instructions at https://onelittleproject.com/pinecone-bird-feeders/

Apple Cheddar Quick Bread

For full instructions:

https://www.simplystacie.net/2013/09/apple-cheddar-quick-bread-recipe/

Ingredients

- 2 cups flour
- 1 tsp baking powder
- 1/2 tsp baking soda
- 1/4 tsp salt
- 1 1/3 cups old Cheddar cheese, shredded
- 1/3 cup, butter, softened
- 2/3 cup sugar
- 2 eggs
- 1 cup Granny Smith apple, diced
- 3/4 cup Granny Smith apple, grated

DIRECTIONS

- In a large mixing bowl, whisk together flour, baking powder, baking soda and salt. Stir in 1 cup of the cheddar cheese.
- In another mixing bowl, beat butter until smooth. Beat in sugar. Beat in eggs, 1 at a time. Stir in diced apple and grated apple and stir to combine. Spread in a greased loaf pan and sprinkle with remaining cheddar cheese.
- Bake in 375°F oven for 50 minutes or until cake tester comes out of the center clean. Let cool in loaf pan for 10 minutes. Turn out onto a cooling rack and cool completely.

We hope that you have had the very best experience with our firm! And we hope that you would consider referring a friend that we may be able to help the same way we helped you! Getting a referral from a customer gives us a lot of pride! It shows us that we did a good job and our clients appreciate us!

Major Legal Changes Regarding Retirement Plans

On December 20, 2019, President Trump signed the Setting Every Community Up for Retirement Enhancement Act (SECURE Act). The SECURE Act, which is effective January 1, 2020, is the most impactful legislation affecting retirement accounts in decades. The SECURE Act has several positive changes: It increases the required beginning date (RBD) for required minimum distributions (RMDs) from your individual retirement accounts from 70 ½ to 72 years of age, and it eliminates the age restriction for contributions to qualified retirement accounts. However, perhaps the most significant change will affect the beneficiaries of your retirement accounts: The SECURE Act requires most designated beneficiaries to withdraw the entire balance of an inherited retirement account within ten years of the account owner's death.

The SECURE Act does provide a few exceptions to this new mandatory ten-year withdrawal rule: spouses, beneficiaries who are not more than ten years younger than the account owner, the account owner's children who have not reached the "age of majority," disabled individuals, and chronically ill individuals. However, proper analysis of your estate planning goals and planning for your intended beneficiaries' circumstances are imperative to ensure your goals are accomplished and your beneficiaries are properly planned for.
Under the old law, beneficiaries of inherited retirement accounts could take distributions over their individual life expectancy. Under the SECURE Act, the shorter ten-year time frame for taking distributions will result in the acceleration of income tax due, possibly causing your beneficiaries to be bumped into a higher income tax bracket, thus receiving less of the funds contained in the retirement account than you may have originally anticipated.

Your estate planning goals likely include more than just tax considerations. You might be concerned with protecting a beneficiary's inheritance from their creditors, future lawsuits, and a divorcing spouse. In order to protect your hard-earned retirement account and the ones you love, it is critical to act now.

Review/Amend Your Revocable Living Trust (RLT) or Standalone Retirement Trust (SRT)
Depending on the value of your retirement account, we may have addressed the distribution of your accounts in your RLT, or we may have created an SRT that would handle your retirement accounts at your death. Your trust may have included a "conduit" provision, and, under the old law, the trustee would only distribute required minimum distributions (RMDs) to the trust beneficiaries, allowing the continued "stretch" based upon their age and life expectancy. A conduit trust protected the account balance, and only RMDs--much smaller amounts--were vulnerable to creditors and divorcing spouses. With the SECURE Act's passage, a conduit trust structure will no longer work because the trustee will be required to distribute the entire account balance to a beneficiary within ten years of your death. We should discuss the benefits of an "accumulation trust," an alternative trust structure through which the trustee can take any required distributions and continue to hold them in a protected trust for your beneficiaries.

Consider Additional Trusts
For most Americans, a retirement account is the largest asset they will own when they pass away. If we have not done so already, it may be beneficial to create a trust to handle your retirement accounts. While many accounts offer simple beneficiary designation forms that allow you to name an individual or charity to receive funds when you pass away, this form alone does not take into consideration your estate planning goals and the unique circumstances of your beneficiary. A trust is a great tool to address the mandatory ten-year withdrawal rule under the new Act, providing continued protection of a beneficiary's inheritance.

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January 23rd

We regularly conduct a free estate planning seminar designed to teach about the benefits of creating an estate plan. The seminars are held on-site at our Anaheim office inside of our "classroom" and led by our very own James F. Roberts. We offer light snacks and refreshments to the attendees and the group is often small and intimate, which allows for questions to be asked comfortably and for a very relaxed environment.

Please encourage your loved ones to attend the seminar so that they may learn more about the estate planning process and benefits. We look forward to seeing you and your family, friends, colleagues and neighbors! Please share this event!

This event will focus on the tax changes affecting Clients for the last decade

Major Legal Changes (Cont)

Review Intended Beneficiaries

With the changes to the laws surrounding retirement accounts, now is a great time to review and confirm your retirement account information. Whichever estate planning strategy is appropriate for you, it is important that your beneficiary designation is filled out correctly. If your intention is for the retirement account to go into a trust for a beneficiary, the trust must be properly named as the primary beneficiary. If you want the primary beneficiary to be an individual, he or she must be named. Ensure you have listed contingent beneficiaries as well.

If you have recently divorced or married, you will need to ensure the appropriate changes are made because at your death, in many cases, the plan administrator will distribute the account funds to the beneficiary listed, regardless of your relationship with the beneficiary or what your ultimate wishes might have been.

Other Strategies

Although this new law may be changing the way we think about retirement accounts, we are here and prepared to help you properly plan for your family and protect your hard-earned retirement accounts. If you are charitably inclined, now may be the perfect time to review your planning and possibly use your retirement account to fulfill these charitable desires.

Give us a call today to schedule an appointment to discuss how your estate plan and retirement accounts might be impacted by the SECURE Act.

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