



KRAMER RADIN, LLP

LAW FIRM

ESTATE PLANNING MATTERS

FALL 2014

MARRIED COUPLE TRUST REVIEW

In the past when a married couple created a Revocable Living Trust, it was frequently suggested they should create a trust that provided an estate tax shelter for assets in excess of the federal exclusion amount at the death of the first spouse to die. This most often involves a division of assets into subtrusts (Trust A and Trust B) after the first spouse's death. While there may be legitimate non-tax reasons for such a division, with the current rules for adjustment in cost basis and the higher estate tax exemption, it can sometimes become a tax disadvantage rather than an advantage to divide the assets following a death.

We have recommended that you review your estate plan at least every three to five years, or when there is a change in your family situation or in the law. Because there have been several changes in the law during the last few years, we believe it would be prudent for you to review your estate plan now if you haven't done so recently.

We encourage you to call our office and schedule an appointment with one of our attorneys to review your current estate plan in light of your current situation. We would prefer to work with both of you now to anticipate potential pitfalls rather than working with one of you later when your options are more limited. It could save you frustration, money and extra work following the unexpected death of your spouse.



SCAM ALERT

Once again it has been called to our attention that scammers never quit.

Recently we have been notified by several of our clients that they received an offer of a "service" to provide a copy of a newly recorded property deed and the property assessment information for that property. The notifications/solicitations often come from Record Transfer Service in Westlake Village, CA or Local Records Office in Los Angeles, CA. There are other entities with similar

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The legal services of Kramer Radin, LLP include estate planning, trusts, probate and trust administration, related tax matters, litigation and dispute resolution, elder law, Medi-Cal planning, and conservatorships.

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SCAM ALERT (continued)

business models. For a “processing fee” of \$83 (or a similar amount), the entity offers to send you a copy of your recorded deed showing you as the owner along with a property assessment profile.

This is unnecessary documentation because, in the case of our clients, we have already provided you with the recorded document. In the case of a purchase or refinance, the title company provides you with a copy of the recorded documents they handled. As for the property assessment profile, most of the information is obtainable through a county’s web site for free or for a nominal amount.

These entities track documents recorded at County Recorders’ offices throughout the state and any time a document is recorded using your property’s Assessor Parcel Number (APN), the entity may generate an official-looking notification/solicitation. This often occurs after an Affidavit—Death of Trustee, Gift Deed or Trust Transfer Deed has been recorded or after you have purchased or refinanced real property.

Usually at the bottom of the page of the notifications/solicitations there is a statement that the entity is not an official agency of the government and offers this “service” at your request.

Do not throw your money away; throw the notification/solicitation away.

When in doubt, call us.

GUN TRUSTS

The issue of ownership of firearms in California creates varied and passionate opinions. Nevertheless, many people own firearms of one sort or another. You may have a single gun or a collection of antique firearms and wish to have a favorite child or grandchild receive them upon your death. Issues arise when an individual with little or no firearm experience transfers or receives firearms by an inheritance or as a lifetime gift.

In such a circumstance, a Gun Trust is a legal entity, which provides guidance to a Trustee as to the proper distribution of such firearms. A Gun Trust provides a structure to guide your Trustee in the proper possession, transportation and transfer of firearms. It is an ideal tool to ensure that your estate can legally and properly control firearm transfer and possession. A Gun Trust is subject to many legal restrictions, regulating the possession and transportation of firearms and the classes of individuals ineligible to receive them.

Gun Trusts can be used for any firearm that is legal to possess. They allow for the continued possession and inheritance of certain firearms that might not be otherwise possible because of the restrictions on transfers of such weapons. They operate under the same laws as ordinary revocable trusts but are drafted so that the Trustee is instructed on how to disqualify potential future trustees or beneficiaries from access if they are prohibited persons under the National Firearms Act (NFA).

Both California and federal law restrict who shall be the owners of firearms and by default, the intended beneficiary of a Gun Trust. The major groups of restricted or prohibited persons are minors, those addicted to controlled narcotic substances, those mentally incapacitated and those convicted of a felony and certain misdemeanors.

The language in a Gun Trust can protect the Trustee from liability for criminal firearm possession, criminal firearm transfer, criminal firearm transportation and potentially criminal firearm receipt. The Gun Trust is a way to provide instructions for the legal, safe and legitimate disposition of firearms to your heirs.

Social Security—Deciding When To Begin

We have all paid in to Social Security—not necessarily because we wanted to but because we have had to. As a result, there is a promise of payments to us for life from the Social Security Administration. The timing of the receipt of those payments can be one of the more important decisions we make as we approach retirement.

There are two main factors that each person should consider when making the decision to start receiving his/her monthly benefit:

1. The amount of your monthly benefits depends on when you elect to receive them; and
2. Deciding when to apply for Social Security is about quality of life.

The amount of your monthly benefit is determined by your eligible income earned during your 35 highest-earning working years and the age at which you start receiving the payment. Although you can begin receiving payments at age 62, your monthly benefit will be reduced by 25% from the benefit you would receive if you waited until full retirement age (currently 66). But, if you wait until age 70 to begin receiving benefits, you will receive an annual 8% increase on the amount you would have received at age 66.

For the average person, it may not matter when you decide to start receiving benefits. If you live to the average life expectancy, the total lifetime payments you receive will be just about the same.

The question really is—How will starting the benefit at age 62 affect your quality of life? If you need the income to meet your monthly living expenses, absolutely begin receiving the payments at the earliest possible date. If you don't need the income but it would allow you a few extra pleasures, maybe it's worth starting sooner rather than later even though it may be partially taxable income. But, if you don't need the current income, it may be best to wait until the benefit reaches its maximum monthly payment.

However, retirement is about you. It is the time for you to do the things for which you've not had time during your work days. Whether it is volunteering, traveling, fishing, gardening or baking—it should be your time to do the things you like to do and not the things you have to do.

Working with the Social Security Administration and your financial advisor can help you maximize this benefit and enhance your retirement years.

Happy Holidays !

This is my favorite season of the year—it's so colorful and Thanksgiving is the best...

Author Unknown



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