

Estate Planning Matters

Kramer Radin, LLP
Law Firm

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Attorneys at Law

Linda C. Kramer* #
Deborah G. Kramer Radin*
Jerome Galli

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, conservatorships, and real estate.

*Certified Specialist, Estate Planning, Trust and Probate Law, State Bar of California Board of Legal Specializations

#Selected for *Northern California Super Lawyers* 2010, 2011 and 2012 through Thomson Reuters

All of our attorneys are "AV" (outstanding) peer review rated at Martindale.com and Lawyers.com (LexisNexis/Martindale Hubbell)

The information provided herein is not meant to serve as a substitute for legal advice.

End of Year Planning

Charitable Contribution from IRA Account

You may not want to wait for Congress to act in order to make a charitable contribution directly from your IRA account to a qualifying charity. We expect Congress to retroactively reinstate the provision that expired after 2011 allowing people age 70 ½ or more to transfer up to \$100,000 tax free from their IRAs directly to charity. Therefore, direct transfers made anytime during 2012 will qualify.

If Congress fails to make the provision retroactive, the payout will become taxable income and you can then deduct the donation as a charitable gift if you itemize deductions. However, if you do not itemize deductions, the payout will be considered taxable income to you for 2012 and the only deduction you will have is the standard deduction.

We recommend that you consult your tax advisor regarding your personal situation before taking action.

Gifts

With the cost of a college education going through the stratosphere, saving for college is a daunting, but necessary, task. A California 529 plan is one way for parents and grandparents not only to prepare for a child's future needs but also to reap some tax advantages.

Although the contributions are not tax deductible, if you are a resident of California, the qualified withdrawals you make from the plan to pay for approved college expenses for your child are free from California state income taxes, as well as from Federal income taxes. You can also accelerate these gifts for up to a five (5) year period.

Any money earned on investments in the 529 account is also tax-deferred, which means you don't pay taxes on gains either as long as the money is used for tuition, books or room-and-board at an accredited educational institution. With standard investment accounts or savings accounts, you must pay taxes on any capital gains from your investment or on interest earned. In a 529 account, these taxes are waived, resulting in sometimes significant tax savings.

Withdrawals from a 529 account must meet strict guidelines or they are subject to a 10% withdrawal penalty and treated as ordinary income for income tax purposes.

If you have initiated a gifting program or if you have been considering a gifting program (see articles in previous newsletters), now is the time to schedule your appointment with Linda Kramer or Deborah Radin.

Please consult your tax advisor regarding your personal situation before taking action.

Student Estate Planning

Ruth's son Mike is a junior at Michigan State. Mike recently was in an auto accident off campus and sustained an injury that left him unable to communicate for over a week. Due to privacy laws and the fact that Mike is over 18 years old, the hospital personnel refused to talk with Ruth until Mike was capable of giving his permission for them to do so. Needless to say, Ruth was frantic for that entire time.

We know that this situation could have been eased if the proper estate planning documents for Mike, as a young adult, had been in place before the emergency arose.

To encourage the children and/or grandchildren of our existing clients to plan ahead, we will prepare for them an Advance Health Care Directive and a Power of Attorney for Finance for a reduced rate of \$450 (a \$750 value).

Have your child/grandchild contact us to schedule an appointment with one of our attorneys to begin this crucial young adult estate planning. (Please note: this offer is subject to change.)

Senior Center Offerings

The senior centers in our area have some wonderful programs available for little or no cost.

Both La Comida at Avenidas in Palo Alto and the Mountain View Senior Center offer lunch Monday through Friday for a suggested \$3.00 fee for people over 60. (Lunch for guests under 60 is \$6.00.) The

meals are planned to be nutritious, attractive, and tasty. The portions are not huge but very adequate. The lunch programs provide an excellent opportunity to socialize while dining out without costing a lot.

One of our employees, although resisting the "senior citizen" image, is in fact a senior who has taken advantage of the Mountain View Senior Center's lunch program and also enjoyed the free movies.

Deborah Radin is an active member of the board of La Comida at Avenidas and would appreciate receiving comments and/or recommendations from you regarding your personal experience with this program.



Identity Theft Alert

The IRS is being flooded with inquiries from victims of tax-related identity theft. Scammers use stolen social security numbers to get unauthorized refunds mailed to themselves, often in the form of prepaid debit cards, and victims find out there is a problem only when their legitimate tax return filing is rejected. The IRS is devoting more resources to combat this but the problem is spreading fast. Florida seems to be the leader of the pack but residents of other states are certainly not immune.

Phone fraud remains a common identity theft scam. An identity thief posing as a bank official, governmental official, merchant, lottery representative, charitable organization representative or other type of individual will telephone, make a pitch (which can be compelling) and obtain your financial information in the process. This is a common method used to glean credit card and bank account information as well as social security numbers.

Fraudulent Internet schemes are some of the most common identity theft scams being used today. This includes everything from phishing to other con schemes that are utilized to elicit your personal, financial and health insurance information. In the end, the Internet really has become a breeding ground for the most common identity theft scams today.

Other common identity theft scams that are used today



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This Year and Every Year

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<i>Sylvia</i>	<i>Nadine</i>	<i>Kristy</i>
<i>Monica</i>	<i>Lori</i>	<i>Isabel</i>
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		<i>Jean</i>

include stealing mail, digging through garbage and outright theft - all of which are tactics used to obtain your personal medical and financial information.

There is no way to protect yourself 100% of the time against these common identity theft scams. However, there are simple steps that you can take in order to better ensure that you will not become the victim of an identity theft now or in the future. At the heart of these steps is making sure that you do everything possible to keep your personal and financial information secure.

1. Never give out personal information over the phone unless you have initiated the call and you are certain you have reached the party you were calling.
2. Shred old bank, brokerage, credit card, etc. statements (preferably with a cross-cut shredder).
3. Never share your account log-ins, passwords or PINs.
4. Always go to the Web site directly rather than clicking on a link provided in an email purportedly from the IRS, your bank or brokerage company. Scammers are gifted at creating a good copy of of-

cial sites but the link directs your response to a bogus address and, ZAP, you are a victim of identity theft.

If you believe you are a victim of identity theft involving the IRS, call the IRS at 1-800-908-4490. If you believe you have received an email with a bogus link, contact the company directly, report it to your local police department, contact the three major credit reporting agencies, and/or consider placing a fraud alert on your credit reports. Also, consider filing a complaint with the FTC.

An informative Web site concerning phishing and other schemes using the IRS name is <http://www.irs.gov/uac/Phishing-and-Other-Schemes-Using-the-IRS-Name>.

Stay safe.

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Kramer Radin, LLP

Law Firm

Kramer Radin, LLP
 Law Firm
 280 Second Street, Suite 100
 Los Altos, CA 94022



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