



USMC Major Taj Sareen

In Memory . . . We join the Sareen Family in honoring the memory of United States Marine Corps Major Taj Sareen who was recently lost while returning from combat operations in the Middle East. The tip of the spear as an F-18 pilot, a stalwart personality, Taj was an honorable friend who will be dearly missed. Please join our firm and look to the heavens and say thank you to Taj, or another veteran in your life, for making the ultimate sacrifice, so that our children may know freedom, understand liberty and enjoy the American way of life.

What's Hot in Estate Planning Right Now May Surprise You

Estate planning has truly evolved over the past 20 years. Gone is the uncertainty about federal estate taxes and the absolute requirement for married couples to use complex trusts to minimize these taxes. But also gone is planning for the "traditional" family.

Warning: Estate Planning Today is Harder Than Ever Before

In 1995 the federal estate tax exemption was only \$600,000 and the estate tax rate was 55%.

In 2015 federal estate tax exemption is a whopping \$5.43 million and will continue to increase annually based on inflation. In addition, between 2002 and 2013 the federal estate tax rate dropped from 55% to 40%. On top of the generous exemption and lower tax rate, married couples can now combine their estate tax exemptions and pass on two times the threshold (\$10.68 million) without Marital/Family Trust planning by making the "portability" election.

Thus, today the focus of estate planning has shifted away from estate tax planning and probate avoidance to more relevant concerns:

- Minimizing income taxes an integral part of estate planning.
- Today many families are blended, dysfunctional or completely estranged. This has made flexible estate planning and finding ways to modify what was thought to be an irrevocable plan the "new normal."

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Community Corner

This holiday season Rodnunsky & Associates San Mateo Office is participating in a food drive to support Second Harvest Food Bank. SHFB of Santa Clara and San Mateo Counties is dedicated to ending local hunger by providing food to nearly a quarter of a million people each month and educating healthier food choices. Help up by bringing canned food to our San Mateo location or visit www.shfb.org/donate.



Upcoming Seminar Schedule:

November 25th, Tuesday 6pm
Estate Planning 101: Where Do I Begin?
[RSVP Here](#)

Location at Rodnunsky & Associates conference Room. Seminars are complimentary. Kindly RSVP as seating is limited.

Please call 650-285-5400 *103

Estate Planning for the “New Normal”– Minimizing Income Taxes, Maintaining Flexibility and Doing Over Irrevocable Plans

Under a traditional Marital/Family Trust plan the goal was to exclude the Family Trust assets, including all appreciation, from the surviving spouse’s taxable estate.

Instead of planning for excluding assets from the taxable estate, the new trend for couples with less than \$10 million is to plan for *estate inclusion* so that their heirs will receive a basis step up. This can be accomplished in a number of ways:

- Leaving assets outright to your spouse and making the portability election; but beware if your spouse is a spendthrift, has creditor issues, or if you want to insure your assets stay within your bloodline.
- Taking a wait-and-see approach, such as all to the Family Trust with the ability to disclaim to the Marital Trust or vice versa.
- Including flexibility in the Marital Trust provisions.
- Using a Family Trust but allowing for basis increase through a customized power of appointment.

While building flexibility into your plan is ideal, what if your plan becomes irrevocable before you were able to make it flexible? What if the plan needs to be modified to obtain a step up in basis or for other income tax reasons? What if you create an irrevocable trust for the benefit of a beneficiary who later becomes incapacitated or disabled? What if it would be advantageous to change the situs of your irrevocable trust or its governing law, add or remove beneficiaries, add a trust protector or advisor, or change the trustee structure? Is it possible to modify or even revoke your inflexible, irrevocable trust? The answer under many circumstances is yes, by:

- Reforming the trust: Using judicial interpretation to determine and properly restate your intent.
- Modifying the trust: Changing the terms of the trust by agreement or a court order to meet your tax-saving objectives provided that the resulting terms are not inconsistent with your intent.
- Equitably deviating the trust: Modifying the trust provisions by agreement or a court order upon the showing of an unforeseen change in circumstance the impact of which would frustrate your intent.
- Invoking the Trust Protector: Allowing a third-party to exercise specific powers as defined in the trust agreement.
- Decanting the trust: Allowing the trustee to distribute property in further trust for a beneficiary.

Planning Tip: How old are your current estate planning documents? Do they still contain mandatory Marital/Family Trust provisions? Do they allow for decanting and changing the trust situs? Do they address the possibility that a beneficiary could become incapacitated or disabled? If your documents are more than a few years old, then it’s time for an estate planning checkup. ***This newsletter is for information al purposes only and not legal advice. Always consult counsel.***

What We Do:

- ✓ Family Limited Partnerships (FLP)
- ✓ Legacy Trusts (ILIT)
- ✓ Intentionally Defective Grantors Trusts (IDGT)
- ✓ Qualified Personal Residence Trusts (QPRT)
- ✓ Charitable Remainder Trusts (CRUT, CRAT)
- ✓ Dynasty Trusts
- ✓ Asset Protection Trusts
- ✓ Business Succession Planning
- ✓ Buy/Sell Agreements
- ✓ Special Needs Trusts
- ✓ Other methods of advanced estate planning

Fun Thanksgiving Facts

- ✓ Californians are the largest consumers of turkey in the United States.
- ✓ 5 popular ways to serve leftover turkey: sandwich, in stew, chili or soup, casseroles and as a burger.
- ✓ Turkeys have poor night vision.
- ✓ The average weight of a turkey purchased at Thanksgiving is 15 pounds.
- ✓ Turkey has more protein than chicken or beef.
- ✓ TV dinners started from Thanksgiving leftovers.
- ✓ The average person consumes 4500 calories on Thanksgiving.

Estate Planning, Administration & Distribution

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