



Treating Children Fairly Does Not Necessarily Mean Equally

Most parents want to treat their children fairly in their estate planning, and many assume that means having their children inherit equally. But *fair* does not necessarily mean *equal*. There may be special circumstances to consider.

For example, parents may want to provide more to a child who struggles to support his family on a modest income than to a child who is financially successful and has decided not to have children. Many feel it is fair to provide extra compensation to a child who has given up part of his/her own life to help with a parent's care. Younger children will need care longer than grown children, and a child with special needs will need care for life. Often, one child will join the family business and other children will not; instead of making them all equal owners in the business, it may be more appropriate to leave the business to the one who has shown an interest and compensate the others with other assets and/or life insurance.

Not only do parents need to decide *how much* each child should receive, but also *when* they will receive it—and that can be different for each one, too. Inheritances can be distributed in one lump sum or in installments, or an inheritance can stay in a trust. Parents should consider how much the inheritance is, children's ages and family situations, how they have handled their own money, and how much they need the inheritance. For example, children who are much older (say, in their 60s) and have shown responsibility with their own money may be fine with inheriting one lump sum. An adult child who is struggling to buy a home may appreciate at least a partial immediate distribution, with the rest later. Younger adult children may benefit from inheriting in installments to allow several chances to become responsible with money.

Many parents decide to keep the money in a trust for their children. That's because assets that stay in the trust are protected from irresponsible spending, creditors (bankruptcy and divorce), and predators (those with undue influence on a child). The trustee can still make periodic distributions based on guidelines provided in the trust document. This can be a good solution when a child is irresponsible with money or has dependency issues; there is concern that a current or future marriage might end in divorce and the parents want to protect the inheritance from being part of a divorce settlement; or

June 2015 | Vol. 2 No. 6

Bay Area Office

Don Sweet, Esq. AEP®
Roxanne Jen, Esq. MBA



181 2nd Ave., Suite 218
San Mateo, CA 94401



650-285-5400



ProtectionCounsel.com



Community Corner

June 21st marks the beginning of summer. That means temperatures will rise, and so will water consumption. The state water board has mandated a 25% water conservation regulation.

[Continued Page 2]



Upcoming Seminar Schedule:

June 30th, Tues 6:30pm

Introduction to Estate Planning - about basic documents all families should have in place: trusts, wills, powers of attorney – who, what, why & how.

July 30th, Thursday 6pm

Blended family protection planning – 2nd marriage? Children from prior marriage? Strategies for protecting all parties.

Location at Rodnunsky & Associates conference Room. Seminars are complimentary. Kindly RSVP as seating is limited. Please call 650-285-5400 *103 or email hmelinda.lunardelli@rodnunskylaw.com.

there is a concern that the inheritance may be exposed to future lawsuits or creditors of the children.

If you can afford it, you may want to consider giving your children some of their inheritance now so you can see the results of your gifts now. Seeing your children buy a home, start a business or be able to stay at home and raise your grandchildren or seeing the grandchildren go to college, and knowing this may not have happened without your help, can be very heartwarming. Also, gifts made now will reduce the amount of estate taxes that may be due at your death.

Most parents want to leave their children enough that they can do anything they want, but not so much that they will do nothing at all. You don't have to leave *everything* to your children. If you have sizeable assets, you can set up trusts for your grandchildren and future generations and/or make contributions to charitable, educational and religious organizations.

This type of planning can become complicated and should not be attempted without the assistance and counseling of an experienced attorney. We are here to answer your questions about trust-based asset protection strategies and advise you on planning options. Please feel free to call our office now.

This newsletter is for informational purposes only and is not intended to be construed as written advice about a Federal tax matter. Readers should consult with their own professional advisors to evaluate or pursue tax, accounting, financial, or legal planning strategies.

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 and document preparation

How to Conserve:

- ✓ Water plants early in the morning or late in the evening to avoid evaporation
- ✓ Designate one drinking glass or bottle for your water each day
- ✓ Only run the washer and dishwasher on full loads
- ✓ Use boiled water to water your plants
- ✓ Shorten shower time by 2 min or turn it off while washing hair and save more than 100 gallons per month
- ✓ Use a broom instead of a hose to clean patios, sidewalks and driveways
- ✓ Test your toilet for leaks by putting food coloring in the tank and looking for it in the bowl – if you see color in the bowl, there's a leak

Community Corner Continued: (cont'd from Front Page)

There are many things that you and your families can do to help California conserve water.

For More Information visit wateruseitwisely.com.

Estate Planning, Administration & Distribution

Los Angeles, CA | San Mateo, CA | Long Beach, CA | Orange County, CA