Building Blocks to Successful Estate Planning

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The Financial Awareness Foundation
A 501(c)(3) Nonprofit Organization
Dedicated to Significantly Improving Financial Awareness & Financial Literacy
http://www.thefinancialawarenessfoundation.org/index.html

Today’s Presentation –
An Educational Improving Financial Awareness Public Service / Community Gift

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Building Blocks to Successful Estate Planning

The Financial Awareness Foundation
A 501(c)(3) Nonprofit Organization
Dedicated to Significantly Improving Financial Awareness & Financial Literacy

Background & Mission

The Financial Awareness Foundation serves as a nonpolitical "financial awareness advocate" for the public, financial service and nonprofit professionals, their companies and associations, educational institutions, employers, and municipalities.

1. 501(c)(3) nonprofit organization
2. Addressing a major social problem dealing with the lack of financial awareness & financial literacy
3. Believes that creating financial awareness and teaching financial literacy and the essential principles to smart personal financial management is VERY important
4. Taking an active leadership role uniting:
   - Financial service & nonprofit associations and their members
   - Financial service & nonprofit professionals and their companies
   - Technology companies
   - Employers
   - Educational institutions
   - Government entities
   - News media

   In 2017 took part in a concentrated personal finance content media blitz every six months during the strategic campaign venues of:
   - National Financial Literacy Month in April
   - National Estate Planning Awareness Week in October

6. Developing and assembling high-quality educational content
7. Assisting financial service & nonprofit professionals and their organizations, employers, and academia to provide high-quality, financial education and cost-effective financial services

Helping to make life a better world...
Liza Horvath, CTFA, PLF
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Presenters

Kris Toscano, CPA
- Kris Toscano is a Certified Public Accountant and a Partner in the Hayashi Wayland Carmel office
- Earned a B.S. in Industrial Technology (Summa Cum Laude), Cal Poly, San Luis Obispo
- Kris specializes in estates and trusts and works with many high-net-worth individuals
- He is known for being relentless in his pursuit to prepare work correctly for clients
- His best capabilities are being organized, responsible and having the ability to find common ground when people are mired in differences
- Kris loves the Monterey Peninsula and enjoys serving the community. His current volunteer efforts include:
  - Executive Board and Treasurer for the Carmel Chamber of Commerce
  - President for the Rotary Club of Carmel-by-the-Sea
  - Director for the Holiday Dinner at the Monterey County Fairgrounds

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Kevin R. Mahoney, CFP®

- Partner at Integris Wealth Management
- Certified Financial Planner®
- Certificate in Financial Planning from UC Santa Cruz
- BA in Law & Society from UC Santa Barbara
- Worked in investment management and financial planning since 1996, the first 13 years of which with two major firms in the San Francisco area
- Treasurer and Board Director, Carmel Public Library Foundation
- Board Director, Montage Health Foundation
- Member, Financial Planning Association
- Raised and attended schools locally
- Enjoys time with wife and four children, and anything to do with mountains or water.

Laura Davis, Esq.

- Laura Davis is a graduate of Pomona College (B.A. 1984) and the University of Southern California Law Center (J.D. 1988; Southern California Law Review, Outstanding Staff Member, 1987-88), and holds a Master’s degree in Taxation from Golden Gate University (M.S. 1997).
- Laura left a successful Los Angeles area law practice in 1995 to take up residence in Monterey, a second home to her since childhood.
- She practiced with a prominent Salinas-based firm for 10 years, always combining Estate Planning and Business experience to bring tax-savvy solutions to her clients’ needs.
- In that time, she met and married her husband, and had two beautiful children. She moved her practice to Monterey in 2006, finally opening her own firm in July of 2007.
- In addition to her client work, Laura embraces responsibilities that extend into the community.
  - She has been a proud Rotarian, and is now actively involved with the Monterey Peninsula Chamber of Commerce, serving on its Board of Directors and the Education Committee as Co-Chair in charge of Professional/Workplace Development programs.
  - She is also an active member of The Alternative Board of Monterey-Salinas, and The Sons of Italy Lodge No. 2003.

Agenda

- Welcome, Opening Comments & Introductions
- Some Questions to Ponder – Alarming Consumer Data
- What… No Estate Plan!!!
- Learning the Basics
- Estate Planning Documents
- Understanding the System–Six Steps to a Successful Estate Plan
- Estate Planning is a Lifelong Process
- Closing Comments
- Questions & Answers
How Did You Do?  
With the Estate Planning questions?  

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTATE PLANS</td>
<td>16</td>
<td>Do you (and your spouse) have a current will?</td>
</tr>
<tr>
<td>POWER OF ATTORNEY</td>
<td>17</td>
<td>Do you and your spouse have a current Power of Attorney?</td>
</tr>
<tr>
<td>ADVANCE HEALTH CARE DIRECTIVE</td>
<td>18</td>
<td>Do you and your spouse have a current Advance Health Care Directive?</td>
</tr>
<tr>
<td>CHARITABLE</td>
<td>19</td>
<td>Are nonprofits included in your estate plan for a bequest, planned gift, or as a primary or alternate beneficiary for life insurance or retirement plans?</td>
</tr>
<tr>
<td>TRUSTS</td>
<td>20</td>
<td>Do you know about the advantages and disadvantages of using trusts?</td>
</tr>
</tbody>
</table>

How Did You Do?  
How many times did you answer “Yes”?  

- Consider yourself financially astute. The timing may be right for fine tuning. (16-20)
- You are financially concerned. You are ready to take the next step. (11-15)
- You are not current with your finances. Information is available to help you catch up. (6-10)
- Your finances are managing you. You can begin to take charge with information available to you. (Under 6)

Alarming Consumer Financial Data  
What’s in your financial future?  

- What’s the class of 2016 average student loan debt? 1
- What percentage of credit card carrying college students are unaware of late payment charges? 1
- How many Americans are over 65? 2
- What percentage of Americans over 65 are dependent on Social Security? 2, 3
- How much does the average retired couple receive from Social Security in 2017? 4
- For persons reaching 65, what is their average life expectancy? 5
- How many Americans don’t have any estate plan? 6

Most Americans who reach age 70 are almost out of money!!!

- $37,000
- 75%
- 45+ million
- 90%
- $27,100
- 19+ years
- $37,000

1. Council for Economic Education  
2. US Census Bureau  
3. CRS Report for Congress RL33387  
4. Social Security  
5. US Dept of Health & Human Services  
6. H.Res. 1499
What … No Estate Plan!!!

IF YOU DON'T HAVE UP-TO-DATE DOCUMENTS
- Here are a few problems you or your family might encounter

- You can’t find funeral instructions
- A costly search for a will may be required
- The appointment of an estate representative and minor child’s guardian becomes much more complicated and expensive
- Wrong people or nonprofits may inherit
- The wrong person may pay the estate tax
- Money may go to children too soon
- Actions in the probate estate may cause untimely delays and be much more expensive

IF PROPERTY TITLES & BENEFICIARY DESIGNATIONS ARE OUT OF DATE
Here are a few more problems that might be encountered

- Wrong people or nonprofits may inherit
- The wrong person may pay the estate tax
- Money may go to children too soon
- Embarrassment & unnecessary litigation

What … No Estate Plan!!!

Who Gets What? In California?

<table>
<thead>
<tr>
<th>If you were to die without a will with</th>
<th>This happens</th>
</tr>
</thead>
<tbody>
<tr>
<td>a spouse and children</td>
<td>spouse inherits all community property and 1/2 or 1/3 of your separate property children inherit 1/2 or 2/3 of your separate property</td>
</tr>
<tr>
<td>a spouse and parents</td>
<td>spouse inherits all community property and 1/2 of your separate property parents inherit 1/2 of your separate property</td>
</tr>
<tr>
<td>a spouse and siblings, but no parents</td>
<td>spouse inherits all community property and 1/2 of your separate property siblings inherit 1/2 of your separate property</td>
</tr>
<tr>
<td>children but no spouse, parents, or siblings</td>
<td>children inherit everything</td>
</tr>
<tr>
<td>spouse but no children, parents, or siblings</td>
<td>spouse inherits everything</td>
</tr>
<tr>
<td>parents but no children, spouse, or siblings</td>
<td>parents inherit everything</td>
</tr>
<tr>
<td>siblings but no children, spouse, or parents</td>
<td>siblings inherit everything</td>
</tr>
</tbody>
</table>
Learning the Basics
Common Estate Planning Terms

- Probate
- Wills, Executor, Guardian
- Trusts, Trustee, Revocable vs Irrevocable Trusts, Living vs Testamentary Trusts
- Durable Powers of Attorney
- Advance Health Care Directive
- Beneficiary
- Unified Credit
- Portability

Learning the Basics
An Estate Planning Overview

- Start with Your Personal Goals
- Gather Your Personal & Financial Information
- Seek Out the Right Attorney
- Make the Most of Your First Meeting
- Review, Edit, & Sign Documents
- Take Care of Title & Beneficiary Designations
- Estate Planning is Forever

Estate Planning Documents

Wills

- Property Distribution
- Executor
- Guardian
- Bond
- Codicil
- Pets
Building Blocks to Successful Estate Planning

Trusts
- Revocable vs Irrevocable
- Living Trust
- Testamentary Trusts
- Do You Need a Trust
- Property Distribution
- Trustee Selection
- Amendments

Estate Planning Documents

Trusts

Durable Power of Attorney
Financial Management
- Duties & Powers
- Agent Selection
- Successor

Estate Planning Documents

Advance Health Care Directive
(Durable Power of Attorney - Health Care)
- Duties & Powers
- Agent Selection
- Successor

Estate Planning Documents

Trusts

Durable Power of Attorney
Financial Management
- Duties & Powers
- Agent Selection
- Successor

Estate Planning Documents

Advance Health Care Directive
(Durable Power of Attorney - Health Care)
- Duties & Powers
- Agent Selection
- Successor
Estate Planning Documents

Advanced Estate Planning Tools
- Family Gifts
- Gifts of a discounted interest
- Family Partnerships
- Need & Use of Insurance
- Charitable Gifts
- Private vs Public Foundations
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Asset Protection Trusts
- Dynasty Trusts

Understanding the System

Six Steps to a Successful Estate Plan

1. Define Your Estate Planning Goals.
2. Gather & Organize Your Financial Data.
3. Analyze Your Situation & Discuss It With Advisors.
4. Develop Your Strategies.
5. Implement Your Plan.
6. Track & Monitor Your Progress.

"The only person who doesn't need an estate plan is one who lives forever."

Estate Planning Tip

To save time & money, prepare an estate planning package.

- Copies of Your Important Financial Documents
  - Wills, Trusts, Powers of Attorney
  - Deeds to real property
  - Partnership Agreements, Buy/Sell Agreements
  - Retirement Plans & Beneficiaries Statements
  - Employee Benefits Package
  - Life, Disability, and Long-Term Care Insurance Policies
  - Beneficiary Designations
  - Divorce & Property Settlement Agreements
  - Pre & Post Nuptial Agreements
  - Two years of Income Tax Returns
  - List of your Questions, Concerns, & Your Personal Wishes
Understanding the System
Estate Planning Mistakes to Avoid

1. Lack of planning
2. Unorganized finances
3. Not having a will, trusts, or durable powers of attorney
4. Having out-of-date estate plan documents
5. Having “do it yourself” wills and trusts / no second opinion
6. Not selecting backup executors, trustees or guardians

7. Not coordinating your beneficiaries with your estate plan
8. Not coordinating life ins. ownership with your estate plan
9. Not coordinating property titles with your estate plan
10. Not having enough life, disability, long-term care, & liability insurance
11. Not providing executors and trustees with a location sheet & not discussing your plans with them
12. Procrastination

Understanding the System
Finishing Touches

Once documents are signed
- Place in a financial organizer & store in a fireproof place
- Coordinate title of your property with your estate plan
- Review and update your primary and alternate beneficiaries
- Review insurance needs; acquire or drop insurance as needed
- Annually prepare a list of assets & liabilities and a copy of year-end statements
Understanding the System
Finishing Touches

Once documents are signed (continued)
❖ Complete estate planning location sheet for executor/trustee
❖ Address concerns about pets if not addressed in the will
❖ Write a final letter to loved ones
❖ Annually review your estate plan documents
❖ Consider a family office annual meeting

A Special Thought

Think of your family as a family office!!!

In Summary Here Are the Essential Principles to Estate Planning
1. Learn about estate planning
2. Use the Six-Steps to A Successful Estate Planning Plan process
3. Have drafted and keep your estate planning documents current
4. Summarized and review your estate planning documents annually
5. Keep your beneficiary selection for your life insurance and retirement plans current
6. Keep your title to your various assets current with your estate plan documents
7. Annually review & update your estate planning location sheet; provide a copy to your executor, trustee, and attorney.
8. Annually copy your year-end statements for all your financial accounts and loans, and place them with your estate plan documents
9. Annually inventory your assets and liabilities; keep it with your estate planning documents
10. As your estate grows near and beyond the federal estate tax exclusion explore advanced estate planning techniques and tools
11. Talk with your family about your estate and financial planning
12. Avoid Common Mistakes in Estate Planning
13. Develop your own personal philanthropy
Estate Planning Is A Lifelong Process

- Get started now, as you will never have more time.
- Get a “Round Tuit”.

Try Using A Systematic Approach to

- Empower you to make the best informed everyday financial decisions
- Give you the best chance for a secure financial future

Want to be empowered? Download the complimentary set of invaluable personal financial management publications.

Get your free copy here
The 2017 Improving Financial Awareness & Financial Literacy Movement & Campaigns

If you are looking for a meaningful and much needed cause to support please consider volunteering and be part of the Improving Financial Awareness & Financial Literacy Movement.

Help us touch the vast majority of the general public and financial service and nonprofit professionals at least twice a year with a growing concentrated personal finance content media blitz campaign built around the strategic venues of:

- National Financial Literacy Month (April)
- National Estate Planning Awareness Month /Week (October)

Visit www.thefinancialawarenessfoundation.org

Thank YOU!

We are hard at work to become YOUR 'foundation of choice' for Improving Financial Awareness & Financial Literacy and for Providing Lifelong Learning.

If you found this presentation valuable and would like to assist us financially so we can do more please take out your smart phone and make a "Tax Deductible" contribution to us now by Googling www.TheFinancialAwarenessFoundation.org Donate Now www.myfriends.com Donate Now and click on the Donate Now Buttons - Thanks for your consideration.
Questions & Discussion

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Thank you for attending

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Estate Planning

2017