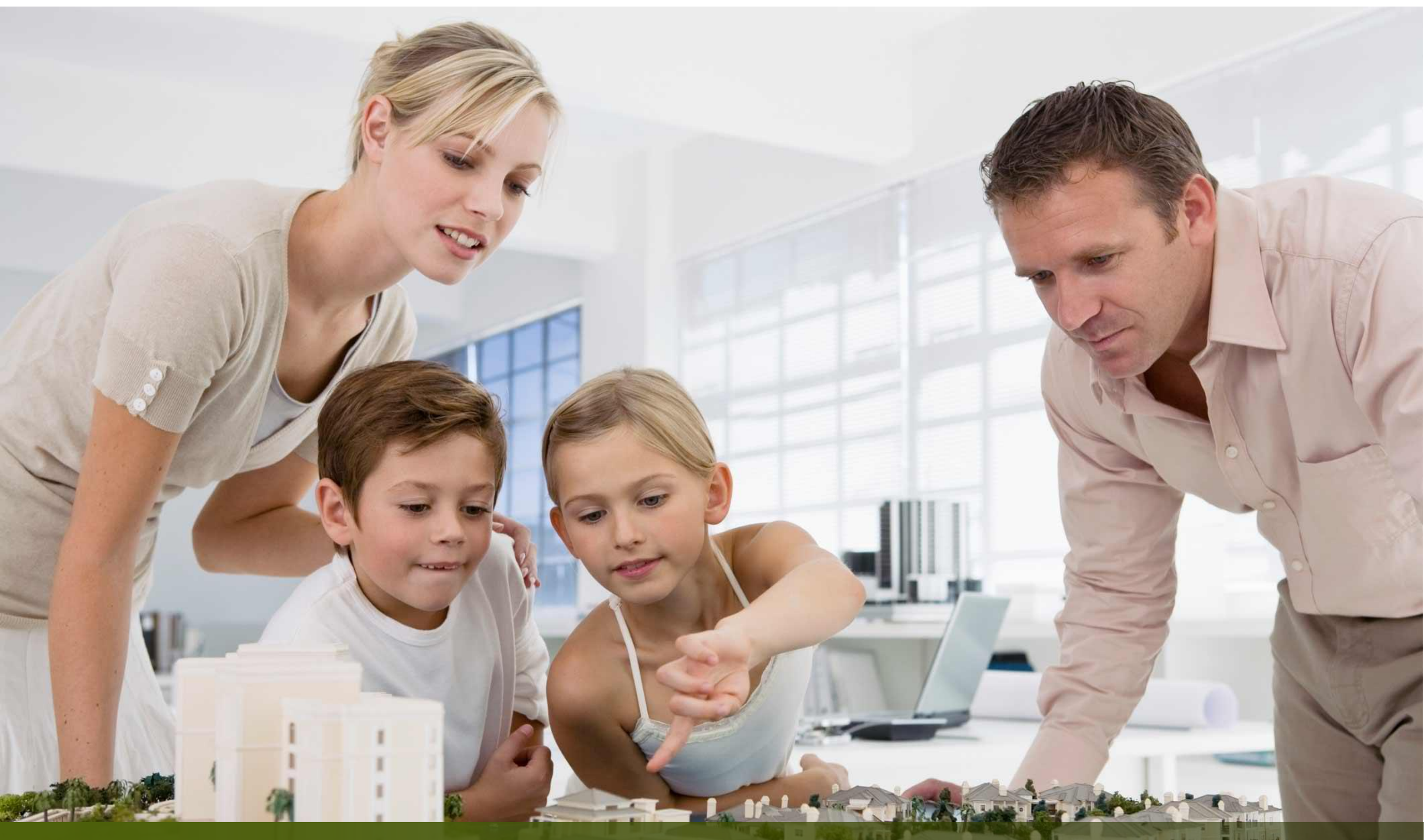
Having an Appropriate, Well Thought Out Legacy Wealth Plan Can Help You Preserve Your Financial Independence and the Independence of Your Family

LEGACY WEALTH PLANNING IN CALIFORNIA



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probate, trusts, estates

Most of us do not want to dwell on death, much less plan for it. However, planning ahead is essential to having peace of mind that your intended beneficiaries will receive exactly what you want them to have after you die. Without a proper plan, your family may incur additional administration costs and unnecessary taxes as well. Estate planning allows you to ensure that your assets will be distributed in the manner you chose and save your family as much in estate taxes and other expenses as possible.

Estate Planning is an important tool for everyone. If you have been fortunate enough to establish a strong financial base for you and your family, it is even more crucial that you plan ahead for the future of your heirs. You should determine now how your legacy will be passed on. Otherwise, your family may not reap the benefits of your hard work after all.

WHAT IS A LEGACY WEALTH PLAN?

Legacy Wealth Planning is a way to help preserve your financial wealth using such estate planning tools as Wills, Powers of Attorney, Living Trusts, Living Wills and many other instruments. A comprehensive estate plan will address issues such as, who will manage your assets in the even you ever become incapacitated. An estate plan can also identify the person you want to care for your minor children if you die unexpectedly. Most estate plans include a Durable Power of Attorney and a Will. However, there are several other legal instruments that can be used to provide for your heirs after your death. An estate planning attorney will be able to help you create the comprehensive plan that will best fit your situation.

PROTECTING YOUR ASSETS

When you die, legal judgments and certain debts you have at the time of your death, will need to be settled and paid from your estate, before your property

can be distributed to your heirs. Obviously, asset protection must be a component of your legacy wealth plan. Your debts can have serious financial consequences if your assets are not protected from creditors and judgments. Asset Protection is simply a lawful way to arrange your assets so that they do not become subject to creditors when you die.

This can be a very tricky area and must be done properly. Each state establishes its own specific laws to protect creditors from individuals who attempt to avoid judgments by transferring assets into their relative's name. So, asset protection has to be planned well in advance of any threat of judgment. An estate planning attorney can help you determine which of your assets are exempt from creditors. Those that are not exempt can be carefully repositioned so that they will be protected.

PLANNING FOR ESTATE TAXES

Another serious estate planning issue that will have an effect on your legacy wealth is estate taxes. In 2014, you will be able to give a gift or bequeath up to $5.34 million in assets before incurring any estate taxes. This is known as a personal estate tax exemption. If your total assets exceed that sum, you will need a legacy plan in place, which takes into consideration your estate tax liability. An experienced estate planning attorney is prepared to take the steps you need to reduce the impact of estate taxes.

Married couples are also entitled to a marital deduction, which allows them to transfer property to one another, either during their lives or at their death, without paying any federal estate or gift taxes on that amount. When the spouse giving the gift dies, the value of the property passing to the surviving spouse is deducted from the gross estate of the spouse who is deceased. This amount is unlimited.

CHARITABLE DONATIONS

Charitable donations are a worthwhile investment. They can also provide a tax advantage as well. To encourage people to be philanthropic, the federal government has created tax deductions for donations to qualified charities. This tax benefit can of be included in your legacy wealth planning. You should consider whether to leave a gift of either a specific dollar amount or a set percentage. The method you choose can have an impact on the amount of assets your heirs will ultimately inherit.

REVISIT YOUR PLAN

Revisions to your legacy wealth plan may be required if your financial status changes significantly since the time you first established the plan. For example, if your will or other aspects of your estate plan provide for distribution of assets based on percentages, changes in the value of your assets over time will not have an effect. However, if you leave specific amounts to named beneficiaries, any decrease in the value of your estate will have consequences. You may need to revisit your plan to determine if changes need to be made.

If your estate plan donates $100,000 to your favorite charity and the remainder to your heirs, a marked reduction in the value of your estate could very possibly mean your heirs will not get nearly as much as you intended.

Let's say you decide to leave your two children different assets worth the same amount. For example, you leave one daughter a house worth $300,000 and your other daughter stock also valued at $300,000. If the value of either asset has increased or decreased significantly, then the gifts to your children will no longer be equal. So, it is important to update your estate plan whenever the value of your assets has changed. It is also important to consider what effect the change in value of your estate may have on your estate tax liability.

In sum, one of the most important estate planning objectives is likely to preserve your financial independence and the independence of your family. Having an appropriate, well thought out legacy wealth plan can help you achieve that objective for your family's future.

About the Author

Scott P. Schomer is a graduate of Boston University School of Law and is a frequent lecturer on estate planning and elder law issues, having appeared on local and national television discussing the importance of estate planning. Scott has an extensive litigation background and has over the years obtained in excess of twenty five million dollars in judgments and verdicts for his clients. Scott is a member of the Probate Volunteer Panel and has been appointed by the Los Angeles Superior Court to represent numerous parties in contested proceedings in the probate court. Scott has also served as Judge Pro Tempore of the Los Angeles Municipal Court and also been appointed by the court as an expert in probate matters. Because of his extensive experience, Scott brings a unique perspective to helping protect his clients.

SCHOMER LAW GROUP

Schomer Law Group is a professional law corporation that specializes in elder law, probate, wills, trusts and conservatorships. We counsel clients on the unique legal issues relating to advancing age. Whenever possible, we prefer to help clients plan for the future, avoid probate, minimize taxes and solidify their legacy. We also help clients plan for possible incapacity and long-term care. We help our clients deal with issues of aging with independence and dignity. In addition to estate planning, our firm has considerable experience helping victims of elder abuse. Our firm has aggressively pursued remedies and recovered assets belonging to our elderly clients where unscrupulous individuals have taken advantage of the elderly because of diminished capacity or other impairments.

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