

..... Exceptional Care, Exceptionally Close

Welcome!

Why Estate Planning is Still Important

September 11, 2020

A Zoom Webinar!

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Torrance Memorial Medical Center is
Voted South Bay's **BEST HOSPITAL** for the 11th Time!



Torrance Memorial Medical Center is Voted South Bay's **BEST HOSPITAL** for the 11th Time!



- ★ Best Hospital
- ★ Best Urgent Care
- ★ Best Medical Groups
(Torrance Memorial Physician Network and Torrance Memorial IPA)
- ★ Best Pharmacy
- ★ Best Education/Health Enhancement Store
(HealthLinks)
- ★ Favorite Gift/Boutique Shop

HOW SOUTHERN CALIFORNIA HOSPITALS RANK AMONG ALL CALIFORNIA HOSPITALS*

*includes over 400
non-Kaiser acute care
hospitals in California as
ranked by *US News and
World Report*

SOUTHERN CALIFORNIA HOSPITALS	US NEWS/WORLD REPORT
UCLA MEDICAL CTR LOS ANGELES	1
CEDARS-SINAI MEDICAL CENTER	2
KECK HOSPITAL USC	5
SCRIPPS LA JOLLA HOSPITAL	6
UC SAN DIEGO MED CENTER	6
HOAG MEMORIAL	8
UC IRVINE MED CENTER	11
TORRANCE MEMORIAL MED CTR	12
MEMORIAL CARE LONG BEACH	14
MISSION HOSPITAL	15
SHARP MEMORIAL HOSPITAL	16
HOLY CROSS MED CENTER	18
HUNTINGTON MEMORIAL	20
ADVENTIST HEALTH GLENDALE	20
EISENHOWER MEDICAL CENTER	20
ST JOSEPH HOSPITAL ORANGE	20
ST JUDE MEDICAL CENTER	27
TARZANA MEDICAL CENTER	27
MEMORIAL CARE SADDLEBACK	31
ST JOHN'S HEALTH CENTER	31
PIH HEALTH WHITTIER	37
PROVIDENCE LITTLE CO OF MARY HOSP	37
SHARP CHULA VISTA MED CTR	37
ST JOSEPH MED CTR BURBANK	45
SHARP GROSSMONT HOSPITAL	51
LOMA LINDA UNIVERSITY	N/R

SOUTHERN CALIFORNIA HOSPITALS	NEWSWEEK
UCLA MEDICAL CTR LOS ANGELES	3
CEDARS-SINAI MEDICAL CENTER	4
SCRIPPS LA JOLLA HOSPITAL	6
KECK HOSPITAL USC	7
UC SAN DIEGO MED CENTER	9
TORRANCE MEMORIAL MED CTR	10
SHARP MEMORIAL HOSPITAL	11
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SHARP CHULA VISTA MED CTR	24
PROVIDENCE LITTLE CO OF MARY HOSP	26
ADVENTIST HEALTH GLENDALE	N/R
TARZANA MEDICAL CENTER	N/R
EISENHOWER MEDICAL CENTER	N/R
ST JUDE MEDICAL CENTER	28
MEMORIAL CARE SADDLEBACK	N/R
LOMA LINDA UNIVERSITY	N/R
PIH HEALTH WHITTIER	N/R
HOLY CROSS MED CENTER	N/R
ST JOSEPH HOSPITAL ORANGE	N/R
ST JOHN'S HEALTH CENTER	N/R
SHARP GROSSMONT HOSPITAL	N/R
ST JOSEPH MED CTR BURBANK	N/R

Types of Planned Gifts

1. **Bequest** – gift through will, living trust or designation in a qualified retirement plan
2. **Immediate Charitable Gift Annuity** – Simple contract between donor and the Torrance Memorial Foundation whereby lifetime payments are made to one or two individuals
3. **Deferred Charitable Gift Annuity** – Annuity payments are deferred until a specified date in the future
4. **Charitable Remainder Trust** – Trust that provides fixed or variable payments to named beneficiaries for life or a specified term of years
5. **Retained Life Estate** – Gift of remainder interest in home or farm where donor keeps the right to live in the home for life
6. **IRA Beneficiary** – Naming Torrance Memorial as the beneficiary of your retirement accounts (percentages can be designated as desired)

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Heritage Society

Anyone who has included Torrance Memorial in your estate plan*

- Recognition in member listing on our website (unless anonymity requested)
- Recognition in member listing in *Patrons* magazine
- Annual appreciation luncheon – usually in June
- Invitation to other Foundation special events

*IRA Qualified Charitable Distributions donors are included

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Resource for Planned Giving

www.TorranceMemorialFoundation.org/planned-giving

- Learn about the different arrangements available
- Plug in some numbers in the “gift calculator” to get an idea of how this type of gift might work for you
- **Download a FREE estate planning kit**
- Contact Sandy VandenBerge at (310) 784-4843
sandy.vandenberge@tmmc.com



Financial Health articles - www.torrancememorialfoundation.org/News

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How to Donate to Torrance Memorial Medical Center

Online

<https://www.torrancememorialfoundation.org/Donate>

By Phone

Please call Torrance Memorial Foundation at 310-517-4703.

You may charge your gift to your credit card or make a gift pledge.

By Mail

Check or credit card information to: Torrance Memorial Foundation
3330 Lomita Blvd.
Torrance, CA 90505

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Why Estate Planning is Still Important

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Why is it a good idea to have a trust?



NOTHING IS CERTAIN BUT DEATH AND TAXES — PROVERB

To Avoid Probate Upon Death!

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Why is it a good idea to have Powers of Attorney?



To Avoid a Court Deciding What is Best!

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I don't have much, so why do I need a trust?

Default in California: Probate

- Real property worth more than \$25,000
- Assets worth \$150,000 or more
- Exception: Beneficiary Designations*

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What is Probate?

- **Definition:** state court proceeding whereby decedent's assets are collected and used to pay debts, administration expenses and beneficiaries
- **Jurisdiction:** where the decedent died and any place where the decedent has real property

What are the pitfalls of probate?

- Time consuming
- Expensive (legal fees, court costs, fiduciary fees, appraisal fees)
- Bond requirement, if not waived in Last Will
- Court-supervised
- Public

What is an Estate Plan?

Basic Parts: Trust, Last Will and Powers of Attorney

Purpose:

A structure for the management, use and distribution of assets during the lifetime and after the death of a person which reflects his/her wishes and desires.

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Default Plan When There is No Plan

Death: Probate

Disability: Conservatorship – a court proceeding to appoint a conservator to make decisions regarding the property or health of a person who is no longer capable of doing so.

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What is a Conservatorship?

- **Definition:** state court proceeding whereby a judge appoints a responsible person or organization (called the “conservator”) to care for another adult (called the “conservatee”) who cannot care for himself or herself or manage his or her own finances
- **Jurisdiction:** where the conservatee resides

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What are the pitfalls of conservatorships?

- Time Consuming
- Expensive (legal fees, court costs, fiduciary fees, appraisal fees)
- Bond Requirement
- Lack of Control
- Geographic Constraints
- Non-Family Involvement (court and, possibly, fiduciaries)

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What is an Estate Plan?

- **Revocable Living Trust**
- **Last Will**
- **Powers of Attorney**
 - Health Care
 - Financial Matters

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Goals of a Sound Estate Plan

- Avoid Court Proceedings
- Avoid Disagreements
- Control Asset Distribution
- Protect Familial Assets from Unneeded Expense

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Revocable Living Trust

Definition:

A trust is an arrangement under which one person (the “Trustee”) holds title to property for another person (the “Beneficiary”). Generally, the creator of the trust, known as the “Trustor,” serves as the Trustee during his or her lifetime

Characteristics of a Trust

- Created during life
- Amendable during life
- Provides for distribution of property

Types of Trusts

- **Simple Trust** – avoids conservatorship and probate for assets in trust, which are distributed to beneficiaries after death (if married, after the surviving spouse)
- **A-B Trust** – accomplishes goals of a simple trust but also protects the first spouse's estate plan

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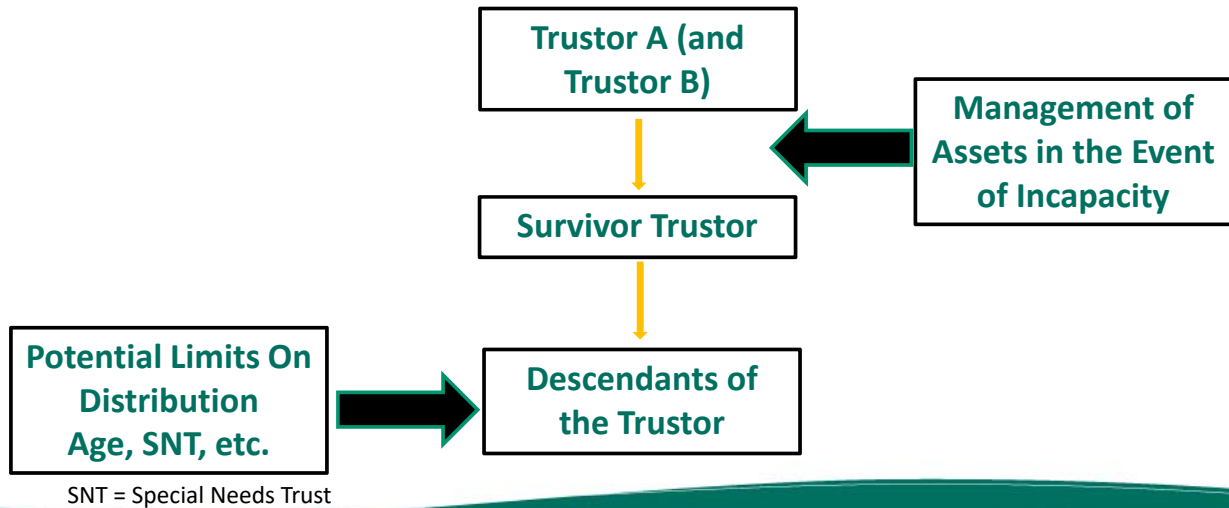
Current Estate Tax Regime

- **2020 Federal Estate Tax Exclusion**
\$11,580,000
- **2020 Federal Estate Tax Rate**
40%
- **Estate Tax** does not affect very many people but we all get the benefit of adjusted basis!

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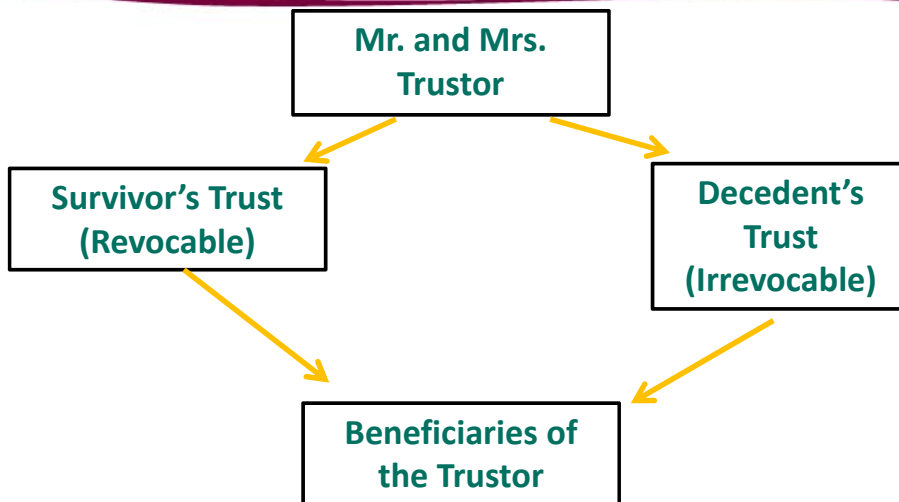
Example – Simple Trust



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 **TORRANCE MEMORIAL**
MEDICAL CENTER

Example – A B Trust



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 **TORRANCE MEMORIAL**
MEDICAL CENTER

Benefits of a Trust

- Avoids conservatorship*
- Avoids probate*
- Ensures assets pass as intended
- Avoids unnecessary expenses

** Only works to the extent the trust is funded*

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Other Ways to Avoid Probate

Beyond Funding a Living Trust

- Total assets less than \$150,000*
- Alternative forms of ownership
 - **Joint Tenancy**
 - **Beneficiary Designations**
- Issue: Contingent Beneficiaries

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How do I title different types of assets?

- Cash
- Investment Accounts
- Real Estate
- Insurance Contracts

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Avoiding Probate by Registration

- Sole Ownership
- Joint Tenancy
- IRAs, Insurance & Annuities name Beneficiaries
- Transfer on Death (TOD)
- Payable on Death (POD)
- Revocable Living Trust

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Joint Tenancy (JT)

- Avoids probate – asset passes automatically to joint owner (survivor)
- When the last owner in a JT dies then assets go through probate
- JT overrides distribution by last will or trust

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POD & TOD

- Avoids probate – asset passes automatically to beneficiaries
- Retain control during lifetime
- Overrides distribution by Last Will or Trust
 - Includes beneficiary designations in insurance / retirement assets

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Beneficiary Designations

- Primary & Contingent (Secondary) Beneficiaries
- Spouse vs. Non-Spouse Beneficiary (Person or Other)
- Non-Designated Beneficiary
- Commingling of Beneficiaries
- Properly Listing Charities

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Life Insurance in Estate Planning

Can be a beneficial way to pay for needs & expenses upon death

- Replacing Income
- Final expenses
- Standard of living for surviving spouse
- Care for special needs family members
- Creating or equalizing inheritances
- Avoiding a fire sale
- Charitable giving

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Life Insurance – Pros and Cons

- **Potential benefits (pros)**

- Proceeds received by beneficiaries at death are generally income tax-free
- Proceeds paid directly to a beneficiary may be used for any reason
- Proceeds can have a significant impact on beneficiaries especially minors

- **Potential problems (cons)**

- Proceeds can be included in the decedent's estate for estate tax purposes
- Proceeds paid directly to a beneficiary may be used for any reason
- Minor beneficiary (when Trust not used) can lead to additional challenges

"The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable by having the policy approved. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications."

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Annuities in Estate Planning

Options if adult children not capable of managing money responsibly . . .

- **Spendthrift trust**
- **Lifetime annuity - purchase in advance or give direction in their living trust**

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Annuities in Estate Planning – Pros/Cons

- **Annuity potential benefits (pros)**

- Lifetime income
- Limited protection from creditors
- Potential “stretch” tax-advantageous tax provisions to beneficiaries

- **Annuity potential problems (cons)**

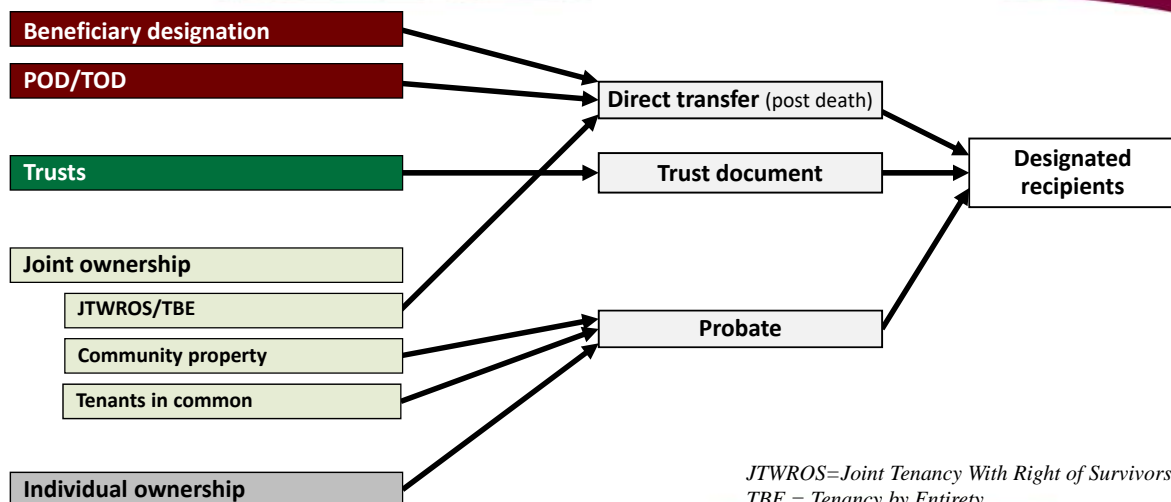
- Less or no financial flexibility
- Potential ordinary income tax on gains when paid to beneficiaries
- Guarantees based on financial strength of issuing insurance company

“Although it is possible to have guaranteed income for life with a fixed annuity, there is no assurance this income will keep up with inflation. There is a surrender charge imposed generally during the first 5 to 7 years or during the rate guarantee period.”

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Review: Estate Ownership & Distribution



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Last Will

- Determines distribution of assets in decedent's name, including who gets such assets and when (includes pour-over Wills)
- Nominates an Executor
- Nominates Guardian of minor children, subject to court confirmation
- Waives bond requirement

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Forms of Last Wills

- **Simple Will** – Use when there are no real property assets and all other assets are less than \$150,000*** in value
- **Pour-over Will** – Use with a revocable living trust

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Uniform Form Statutory Power of Attorney

Grants power to an agent to make financial decisions on behalf of principal

- May be effective immediately or at some future time (*determination of incapacity*)
- Powers relate to assets and matters outside of a trust
- Avoid stale-dated documents
- Follow California Probate Code Section 4401

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Financial Powers

Grants powers to engage in the following on behalf of the principal

- | | |
|--|---|
| – Real property transactions | – Estate, trust and other beneficiary transactions (not a Last Will or Declaration of Trust) |
| – Tangible personal property transactions | – Claims and litigation |
| – Stock and bond transactions | – Personal and family maintenance |
| – Commodity and option transactions | – Benefits from Social Security, Medicare, Medicaid, other governmental programs or civil or military service |
| – Banking and other financial institution transactions | – Retirement plan transactions |
| – Business operating transactions | – Tax matters |
| – Insurance and annuity transactions | |

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Durable Power of Attorney

Durable Power of Attorney for Health Care – grants power to an agent to make health care decisions on his/her behalf without court supervision

- Triggered upon incapacity
- Revocable
- Should not be stale
- Should follow California Probate Code (Section 4701)

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Health Care Powers

- Authority to consent, to refuse to consent, or to withdraw consent to any care, treatment, service or procedure to maintain, diagnose or treat a physical or mental condition, including giving treatment or stopping treatment necessary to keep you alive.
- Authority to make decisions relating to your personal care, such as determining where you will live, providing meals, hiring household employees, providing transportation, handling mail and arranging recreation and entertainment.

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Health Care Powers

- Includes the right to examine your medical records and to consent to their disclosure unless you limit this right in this document.
- Unless limited, authority to:
 - (1) authorize an autopsy
 - (2) donate your body or parts thereof for transplant or therapeutic or educational or scientific purposes
 - (3) direct the disposition of your remains and make your funeral arrangements.

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Thought-Provoking Questions

- When do you get your children or heirs involved?
- When was your last beneficiary & Trust review?
 - Will your assets go to the correct person or entity?
- Have you ever done a full financial plan?
 - Consolidating assets - multiple IRAs, old 401ks or pensions, etc.
 - Are your investments aligned with your risk tolerance?
 - Will you outlive your money?

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Thank you!

Questions?

Disclosure

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Follow-up questions

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