

Taking Care of Your
Financial Health

Welcome!

Why Estate Planning is Still Important

May 13, 2023



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Torrance Memorial Highlight

Emergency Department Expansion

- 2-story design
- \$40 million over 7 years
- More than 80 treatment spaces (76% increase)
- New elevators
- Special behavioral health rooms
- Noise reduction enhancements
- Foundation - \$25M campaign



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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. Donor retains 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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Bequest

Simplicity

Include language in will/trust: “I, *[name]*, of *[city/state/zip]* give, devise and bequeath to Torrance Memorial Foundation *[% or amount or description of property]* for its unrestricted use and purpose.”

Flexibility

You can change your mind, revise, update any time during your lifetime

Versatility

Dollar amount, percentage of estate, specific property

Tax Relief

If estate subject to estate tax, no tax on charitable gift

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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

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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*Stephanie Bezner is not affiliated with Cetera Advisor Networks

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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 . . .why do I need a trust?

Default in California: Probate

- Real property worth more than \$61,500
- Assets worth \$184,500 or more (at time of collection)
- 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

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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

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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/herself or manage his/her own finances

Jurisdiction: where the conservatee resides

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What are the pitfalls of Conservatorship?

- 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

Also consider HIPAA Authorizations

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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

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Characteristics of a Trust

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

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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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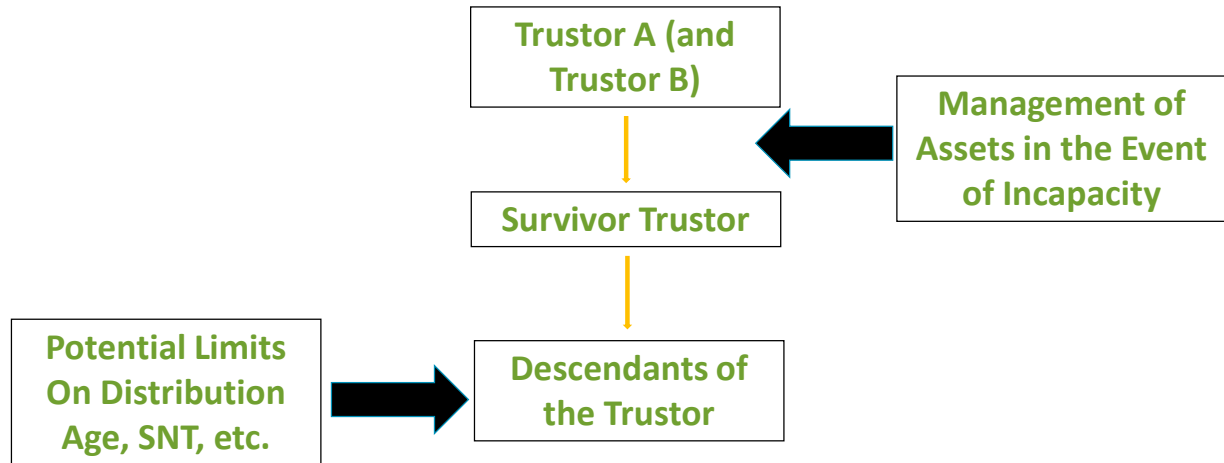
Current Estate Tax Regime

- **2023 Federal Estate Tax Exclusion**
\$12,920,000
- **2023 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

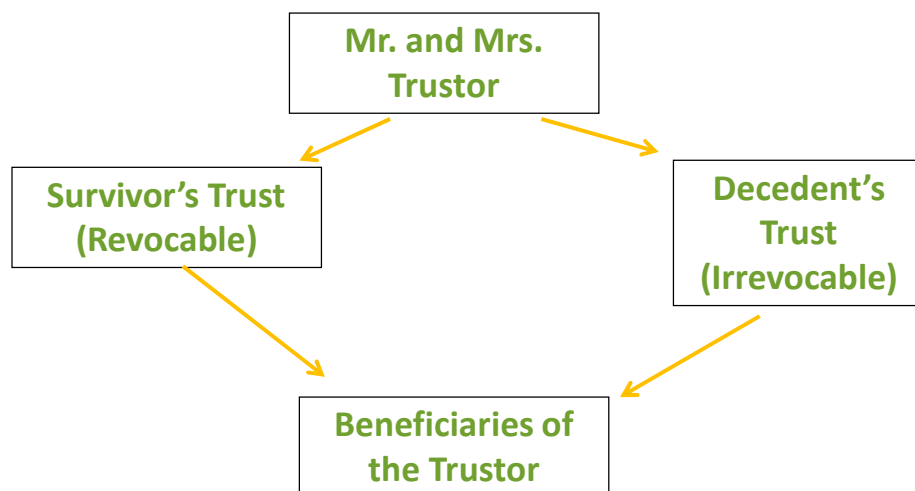


SNT = Special Needs Trust

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Example – A B Trust



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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 \$184,500*
- 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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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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New Inherited IRA Rules

Pre-2020 beneficiaries

- Required Minimum Distributions (RMDs) begin at age 70½
- Spouses can treat as their own
- Non-spouses can take distributions over their life expectancy
- Roth IRAs must be taken out

Post-2020 Beneficiaries

- RMDs begin at age 72
- Spouses can treat as their own
- Non-Spouses must take out within 10 years (unless considered eligible)
- Roth IRAs must also be taken out within 10 years, although not taxable
- Before or after Required Beginning Date
- *IRAs inherited by Trusts

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Life Insurance in Estate Planning

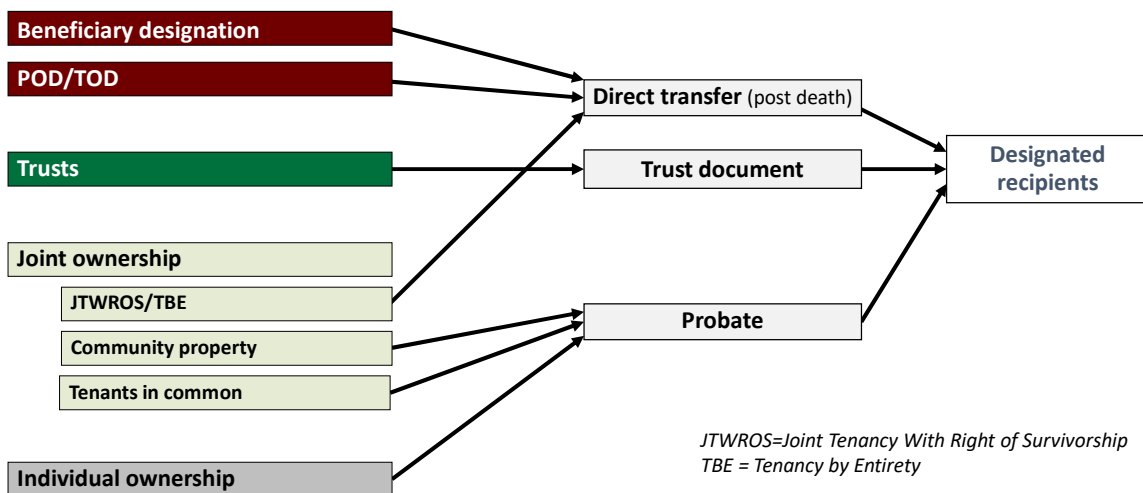
Can be a beneficial way to pay for needs & expenses upon death

- 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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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 \$184,500*** 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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HIPAA Authorizations

- Gives the right to examine your medical records.
- Issues with obtaining such information, including disability benefit information, otherwise.

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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

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. To determine what is appropriate for you, please consult a qualified professional.

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Follow-up Questions

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