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Welcome!

Family Matters of Money and Legacy Planning

March 12, 2021

A Zoom Webinar!

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Torrance Memorial Highlight

COVID-19 Vaccine Update

- 65 yrs and older, healthcare workers, after 3/15 age 16-64 with underlying conditions (letter from doctor required)
- **Focus on Torrance Memorial network patients (not a public site)**
- <http://publichealth.lacounty.gov/media/coronavirus/vaccine/> OR myturn.ca.gov

Hospital status

- **COVID inpatient numbers steady decline since mid-January**
- **Visitor policy – still restricted (to be reviewed mid-March)**

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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 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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Family Matters of Money and Legacy Planning

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Family Matters



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Family Decisions

- How to plan for yourself, your money and your family before it's too late
- Choosing someone to care for your financial or healthcare decisions
- Problems when there is physical & mental capacity decline
- When legal issues arise between family members

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Life Expectancy

- Our oldest client passed away last year at age 105 and we work with quite a few clients in their 80s- 90s today
- In 1900 life expectancy was 47 years
- In 1950 it was 68 years
- Today it's 78 years

SOURCE: NCHS, National Vital Statistics System, public-use Mortality Files; Grove RD, Hetzel AM

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Memory Loss

- 6 million Americans with memory loss
- Caregivers to those with memory loss
 - 1/3 over age 65
 - 2/3 women
 - Almost 70% live with the person
 - About 25% in sandwich generation

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As We Age



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Two New Rules from FINRA

1. **Trusted Contact:** Who you want to be contacted in case your investment provider can't reach you. This does not allow the institution to disclose any details about your account, unless you authorize it.
2. **Temporary Holds:** Ability to place temporary holds on accounts if there is reasonable belief of suspicious or fraudulent activity on the account – or potential to be.

FINRA = Financial Industry Regulatory Authority

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New Rules



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Living Trust

Living Trust

- Who to name as trustee
- Trustee will act during incapacity and after death

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Power of Attorney

Power of Attorney

- Operates during incapacity
- Terminates at death

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Advance Health Care Directive

Advance Health Care Directive

- End of life decisions
- Assisted living
- Disposition of remains

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Conservatorships

Conservatorships

- Conservator of the Person
- Conservator of the Estate
- Priority of appointment if no nomination

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Licensed Professional Fiduciary

A fiduciary is a person or organization that acts on behalf of another person or persons, putting their clients' interest ahead of their own, with a duty to preserve good faith and trust.

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Care for Clients and/or their Assets

Death of Client

- Trustee
- Executor
- Probate Administrator

Ensure client wishes or intestacy laws followed

Lack of Capacity of Client

- | | |
|--|--|
| <ul style="list-style-type: none">• Trustee• Power of Attorney for Finance• Power of Attorney for Healthcare | <ul style="list-style-type: none">• Conservator <p>Ensure assets used for client's benefit
Keep safe/healthy/happy</p> |
|--|--|

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Care for Clients and/or their Assets (cont'd)

Client has Capacity but Does Not Wish to Act

- Trustee
- Power of Attorney for Finance
- Power of Attorney for Healthcare
- Conservator

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Care for Clients and/or their Assets (cont'd)

Make Decisions Client would if he/she could

- Advance Planning – Fiduciary named
 - Build relationship and gain clear understanding of client's wishes
- Court Appointment – Fiduciary lacks prior knowledge of client's wishes
 - Contentious
 - Open mind
 - Communicate with family and friends

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Licensing Requirements

DEPARTMENT OF CONSUMER AFFAIRS



www.fiduciary.ca.gov

- Series of classes for certification
- Criminal background checks
- California & national licensing exams
- Annual reporting and continuing education units
- Oversight

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Bob – Case Study



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Bob's Situation

- 93 year old widower
- Gradually losing capacity
- Children concerned about his new lady friend half his age
- Still manages to live independently in his own home

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Bob and his Money



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Bob's Finances

- Bob has four children (one deceased) with his deceased wife
- Deceased wife had four children from previous marriage
- Bob's estate currently worth about \$3 million (\$1.5M in real estate / \$1.5M in investments)
- About 10 years ago called to say he wanted to update his estate plan
- His original family trust written 25 years ago

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Updating Estate Plan

Rule of Thumb: Review every 3 years

Examples of changes in law last 25 years:

- Estate Tax Exemption

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Estate Tax Exemption

Year	Exemption
2007	\$2,000,000
2008	\$2,000,000
2009	\$3,500,000
2010	Repealed
2011	\$5,000,000
2012	\$5,120,000
2013	\$5,250,000
2014	\$5,340,000

Year	Exemption
2015	\$5,430,000
2016	\$5,450,000
2017	\$5,490,000
2018	\$11,200,000
2019	\$11,400,000
2020	\$11,580,000
2021	\$11,700,000

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Updating Estate Plan

Examples of changes in law last 25 years

- Estate Tax Exemption – changes yearly
- No Contest Clause – changed on January 1, 2010
- Prohibited Transferee – changed January 1, 2011
- Change of Trustees and Executors
- Children's Trust

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Bob's Family

- A couple of years ago Bob's son (lives in another state) calls to say they have suspicions about his dad's new lady friend, who is about half his age
- We have a family meeting with Bob, his children and their spouses
- All three couples fly in from out of state
- At meeting, Bob's son brings up topic of Dad's new lady friend who they think is trying to borrow or access a large sum of his money

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Practical Precautions

Practical Precautions

Communicate, communicate, communicate...

Lonely people seek out companionship

Predators know this

Maintain relationships

Individual

Neighbors

Friends

Significant others

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Financial/ Legal Precautions

Financial/Legal Precautions

Safety Net in Estate Planning

Family/Friends/Fiduciary

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Bob's Troubles



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Protecting Bob's Assets

Gift taxes

- \$15,000/year/donee
- Lifetime gift exemption = estate tax exemption

Relinquishing ownership

- Need \$ for support and maintenance
- Lynn (daughter) decides not to support father or loses it all

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Protecting Bob's Assets

- Trust
- Power of Attorney
- Conservatorship

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Bob's New Friend

- Call from Bob's daughter, Lynn, about suspicions Bob's new lady friend is trying to borrow a large sum of money
- Put a temporary hold on any money being withdrawn from any of his investment accounts
- Continue discussions with Lynn who wants to remove her dad from making any decisions regarding his money
- Bob doesn't want this

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Practical Help

Buffer/middleman

- Ease burden
- Reduce blame
- Neutral

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Financial/ Legal Help

- **Advance Estate Planning**
- **Court Appointed**

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Bob's Attorneys

- **Bob and daughter Lynn get letters from two different doctors stating he is losing mental capacity to make decisions**
- **Bob's current attorney renders his opinion the letters are not sufficient to remove Bob as trustee from his trust**
- **The family decides to seek counsel from a different attorney**
- **New attorney decides based on Bob's circumstances he should add his son as a co-trustee along with daughter, Lynn**

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Adding Co-Trustee

- Co-Trustees required to act unanimously unless trust says otherwise
- What does Trust say?
- Can Co-Trustees act together harmoniously?
- Is it practical to have Co-Trustees?

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Considerations

Practical Considerations

- Dignity
- Independence
- Reassurance

Financial/Legal Considerations

- Safeguard assets

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Capacity

- **Presumption of capacity under the law**
- **Rebuttable presumption**
- **Evidence of mental deficit, rather than diagnosis**
- **Level of capacity necessary depends on act (higher for trust than will, unless simple trust)**
- **Capacity must exist at time of act**

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Considerations

Practical Issues

- **Family Discord**

Financial/Legal Issues

- **Liability**

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Bob Today

- **Bob has a sudden change in his health. The family decides to relocate him to live near his daughter Lynn in a different state.**
- Lynn has not been the most proficient person with her own money and she and the rest of her family do not have a very close relationship.
- **Today Bob's son & daughter Lynn continue to work together as co-trustees to make important decisions for Bob.**

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Selling Home

- **Liability to remainder beneficiaries**
- **Notice of Proposed Action**
- **Court approval**

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Practical Precautions

Document, document, document...

- Satisfy family, friends and significant others
- Justification
- Accountability

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Financial/ Legal Precautions

Document, document, document...

- Satisfy the Court
- Justification
- Accountability

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Bob



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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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