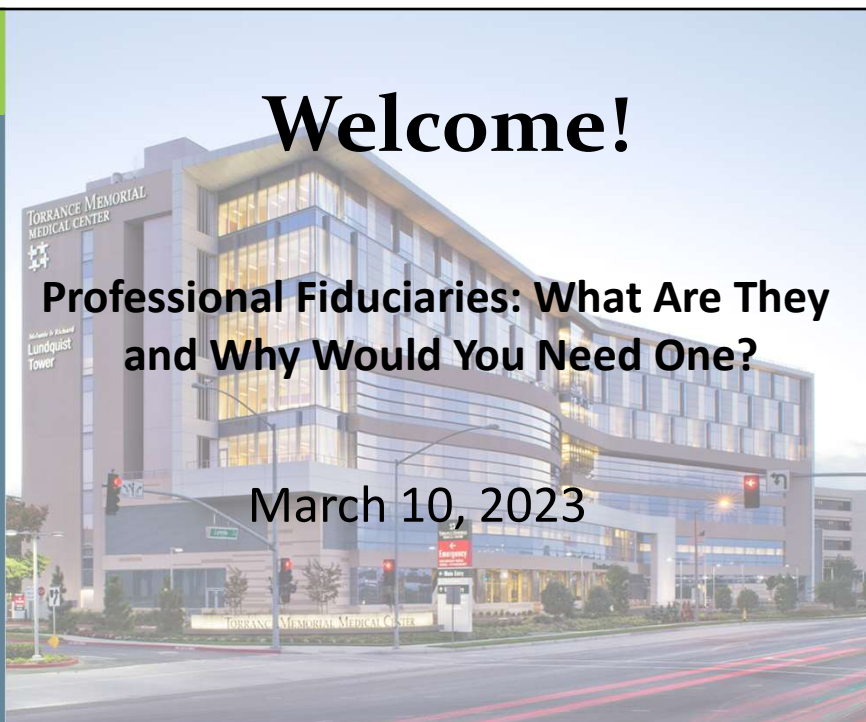


Welcome!

Professional Fiduciaries: What Are They and Why Would You Need One?

March 10, 2023

Taking Care of Your
Financial Health



1

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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2

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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Charitable Gift Annuity (CGA)

Illustrations (based on one life with donation made in March 2023)

Amount	\$20,000	\$20,000	\$20,000
Age at donation	75	78	80
Annuity Rate	6.6%	7.2%	7.6%
Potential Charitable Deduction	\$9,291	\$9,713	\$10,090
Annual Income Payment	\$1,320	\$1,440	\$1,520
Tax-free portion*	\$863 (12.4 yrs)	\$979 (10.5 yrs)	\$1,055 (9.4 yrs)

At maturity, remainder distributed to Torrance Memorial

*Tax-free portion projected for years based on standard life expectancy tables

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IRA Qualified Charitable Distribution - CGA

New one-time opportunity with IRA effective January 1, 2023

- Must be 70½ years of age
- Up to \$50,000 to establish CGA
- \$50,000 counts toward RMD & included in annual maximum \$100,000 allowable for QCD
- Not added to income on tax return
- Difference from standard CGA
 - ✓ No charitable deduction when established
 - ✓ All annuity income is taxed as ordinary income

RMD=Required Minimum Distribution

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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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6

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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7

**Professional
Fiduciaries:**
What Are They &
Why Would You
Need One?

March 10, 2023

Presenters

Gene Brown, Licensed Professional Fiduciary

Bedrock Fiduciaries
24050 Madison St, Suite 108
Torrance, CA 90505
(310) 933-4723
geneb@bedrockfiduciaries.com
www.bedrockfiduciaries.com



Grace Greer St. Clair, Attorney

St. Clair Law
2312 Artesia Blvd
Redondo Beach, CA 90278
(310) 374-5479
grace@qualityestateplanning.com
www.qualityestateplanning.com



8

Agenda



Important things probably missing from your estate plan.



Limits of fiduciary power: how to protect yourself from a greedy executor or trustee



5 tips for choosing a Professional Fiduciary

Case Studies:
Unique ways to use a Professional Fiduciary



Can you really afford a Professional Fiduciary?



Conservatorships: they're not what you think.

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Estate Planning Mis-steps and Misconceptions

“If I create an Estate Plan I will die (a.k.a. Procrastination)”

- A common fear by some. . .no correlation between creating an Estate Plan and impending death
 - ✓ An Estate Plan actually relieves stress and unknown stress
 - ✓ Provides direction for family members and important caretakers
 - ✓ Possible planning opportunities can be lost

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Estate Planning Mis-steps and Misconceptions (cont'd)

“My Spouse will never replace me or remarry”

- Of course not. Each party is irreplaceable, but often the surviving spouse will move on to find peace and friendship with another person.
 - ✓ We want our loved ones to be happy, so why not plan for their happiness
 - ✓ Provides control over any new relationships from taking over family wealth

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Estate Planning Mis-steps and Misconceptions (cont'd)

Ignoring potential issues with blended families

- Blended families are often held together by string after the first spouse passes.
 - ✓ We want our loved ones to be happy, but a second spouse may favor their children over their step-children
 - ✓ Certain steps can be taken to protect the children's inheritance

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Estate Planning Mis-steps and Misconceptions (cont'd)

Failing to plan for Family Recreational Property

- Family Recreational Property has been a part of the family's traditions, but now what?
 - ✓ Who pays for the insurance, mortgage, taxes?
 - ✓ Who decides who can use the Property and when? Fair division or based on # of users per family OR First Come First Served – Christmas is only one day



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Estate Planning Mis-steps and Misconceptions (cont'd)

Failing to plan for Digital Assets

- Digital Assets are becoming the most unusually handled assets
 - ✓ Terms of Services Agreement are written by people in their 20s – thinking about privacy rather than needed access
 - ✓ We have more than we think . . .

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Estate Planning Mis-steps and Misconceptions (cont'd)

“My kids can handle large sums of money”

- According to a study by AARP, it takes only 18 months for an inheritance to be lost to tragic spending by the beneficiary.
 - ✓ Creditor protection can be provided if inherited sums remain in the Trust such as from ex-spouses or new debts
 - ✓ Providing assets at time of peak earnings may discourage success rather than encourage it



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Estate Planning Mis-steps and Misconceptions (cont'd)

Leaving your wishes unwritten

- Oral agreements can be fraught with mishaps – should you be able to share your wishes with another – sure, and it's fine for funeral arrangements but . . .
 - ✓ Difficult to enforce without a writing – holographic wills require a writing of some sort
 - ✓ What does “my antique table” mean? Wedding band? Give my house to Jo?

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Estate Planning Mis-steps and Misconceptions (cont'd)

Assets with title designations differing from estate plan

- Who gets what?
- Which designation was intended?
 - ✓ Forbes Family Trust

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Estate Planning Missteps and Misconceptions (cont'd)

“I won’t be paying any estate taxes, why worry?”

- Unfortunately, California is desperate for money and will be using all sorts of tactics to get more \$\$ in Sacramento.
 - ✓ Currently considering a new inheritance tax
 - ✓ Increasing income taxes may require more tax planning – income tax rather than estate tax issues in play

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3 Important Things Could Be Missing

- 1) **An Update** – Every 3 to 5 years is wise
- 2) **A Business** – no access to money or business; must go through Probate to be operated
- 3) **Powers of Attorney** – after 3 years NO longer accepted (“useable”)

What About An Emergency Plan? An estate plan not just the documents – a lot can happen between signing and incapacity . . . Could this include appointing a fiduciary?

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19

How Do You Determine Incapacity?

Testamentary Capacity | Undermined Capacity?






Ability to:

-  Understand family members; Not by Name; “objects of bounty”
-  Ability to know of property
-  Ability to understand process they are undertaking



Many People Might Believe

-  Diagnosis of Alzheimers?
-  Diagnosis of Dementia
-  Illness or Surgery recovery

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20

How Do You Determine Incapacity?

One Physician | One Other Source



Signs of:



Acting unstable, forgetful, unusual personality conflicts



Making errors in paying bills



Losing car keys or forgetting why you went into a room



Red Flags



Seek a doctor's evaluation



Errors are not *per se* incapacity but could lead to a decision special care is needed



Distractions are not incapacity

Consult a doctor to determine if affairs can be handled.

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21

Today's Topic

Professional Fiduciaries: What Are They and Why Would You Need One?

WHO – WHAT – WHY – WHEN – HOW – HOW MUCH

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22

The World of Professional Fiduciaries



A FIDUCIARY'S
MISSION



WHAT
PROBLEM
FIDUCIARIES
SOLVE



WHO
FIDUCIARIES
SERVE



WHAT MAKES
SOME
FIDUCIARIES
DIFFERENT



WHERE TO
FIND A
PROFESSIONAL
FIDUCIARY



WHEN TO
CONTACT A
FIDUCIARY

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23

Fiduciary: A Matter of Definition

fiduciary 1 of 2 adjective

fi-du·cia·ry (fə-'dū-shē-,er-ē) -shə-rē, -'dyū-, fī-

: of, relating to, or involving a confidence or trust: such as

a : held or founded in trust or confidence

| a *fiduciary* relationship

| a bank's *fiduciary* obligations

b : holding in trust

c : depending on public confidence for value or currency

| *fiduciary* fiat money

fiduciary 2 of 2 noun

plural **fiduciaries**

: one that holds a fiduciary relation or acts in a fiduciary capacity

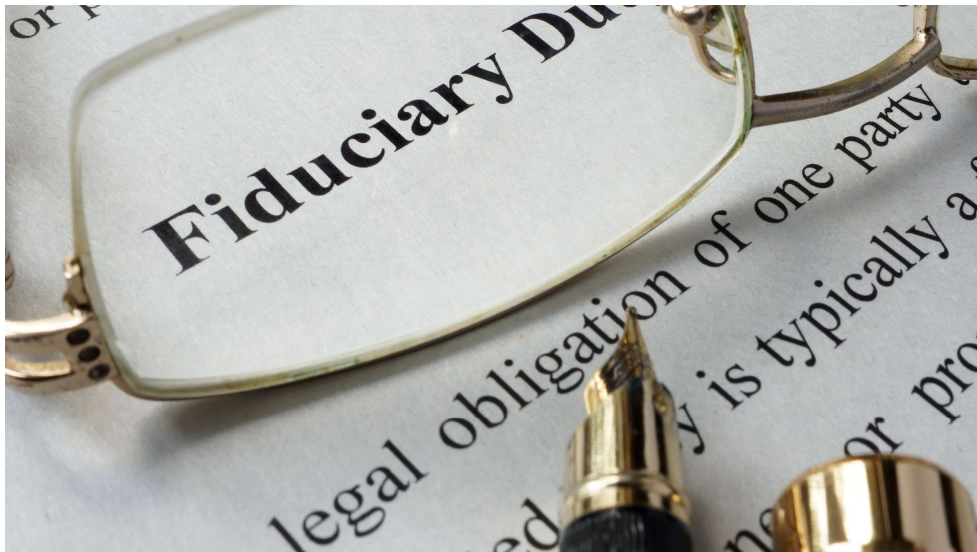
24

Related but Different Meanings



25

Licensed Professional Fiduciary Services



26

Licensed Professional Fiduciary Services

	Power of Attorney	Estate	Trust	Conservatorship	Guardianship
Finances ("Estate")	✓	✓	✓	✓	✓
Care ("Person")	✓			✓	✓
Role	Power of Attorney	Administrator of the Estate (Executor)	Trustee, Successor Trustee	Conservator	Guardian (of a minor)

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27

STANDARD OF CARE

- Duty of Loyalty (Best Interests – Fiduciary Standard)
- Terms of the Trust
- Investment Standards
- Distributions
- Accounting
- Taxes
- Delegation
- Ethics & Impartiality

28

STANDARD OF CARE

- Duty of Loyalty (Best Interests – Fiduciary Standard)
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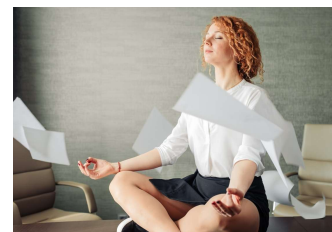
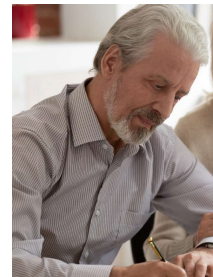
Legal and Ethical duty to partner with professionals who represent the best choice (value and service) for each client's circumstances.

29

A Licensed Professional Fiduciary's Mission

To provide confidence and peace of mind to trust settlors, beneficiaries and others who find they must rely on a professional to manage their personal affairs and carry out their wishes.

TRUSTED • THOROUGH • THOUGHTFUL



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30

What problems do
fiduciaries help solve?

PROBLEM

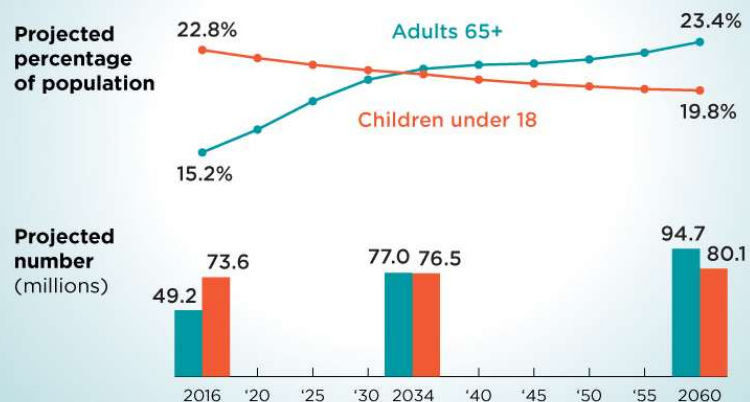
SOLUTION

31

An Aging Population

57% growth in less than 20 years . . . 2016 - 2034

For the First Time in U.S. History Older Adults Are
Projected to Outnumber Children by 2034



Source: United States Census
Bureau, National Population
Projections, 2017

32

Blood. . . Not always thicker than water

Complications include...

- Sibling rivalries
- Estranged family members
- Modern politics
- Not knowing mom & dad's actual wishes



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Overscheduling. Multi-tasking. Juggling.

- Kids take more time than ever
 - Doubly true with remote learning
- More (and more) adults are caregivers for their aging parents
- Work is increasingly 24/7 – especially in the virtual workplace



[Today's Daily Briefing](#) [View the Archives](#) [Print Today's Stories](#)
Sleepless in America? 5 charts show why the US isn't getting enough sleep.

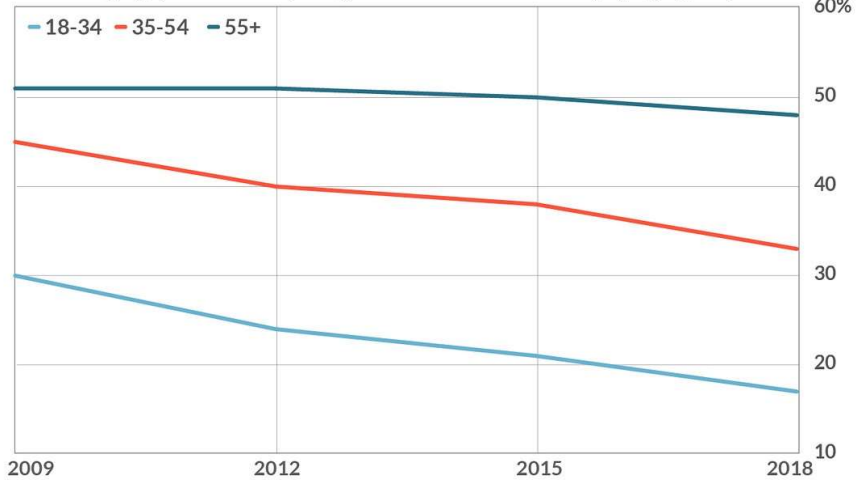
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Financial Literacy

- Poor
- Declining

Millennials see biggest decrease in financial literacy

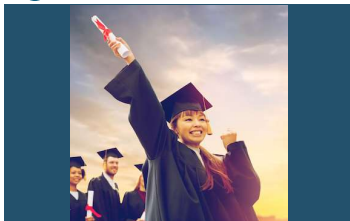
Knowledge gaps between younger and older Americans, by age group



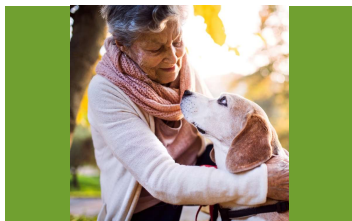
Source: FINRA Investor Education Foundation

35

Customer Segments . . . All shapes and sizes



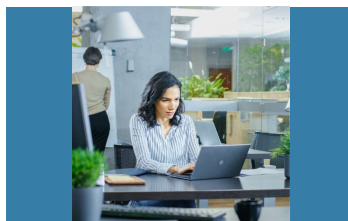
Trust Beneficiaries
(and their benefactors)



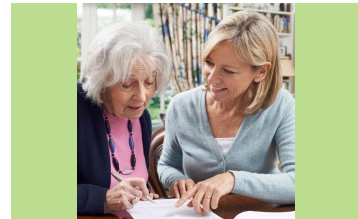
Those in Transition
Who find themselves navigating changes in health, marital status or career position

In short
Those who can't help themselves,
for whatever reason.

Schedules Circumstances
Health Skill Set
Loss Inclination
...and Death



Busy Professionals
For whom time is their most precious commodity



Seniors
...and their adult children



High Net Worth People
Individuals and families who wish to outsource portions of their daily grind

36

Age
Illness
Injury
Ability
Availability
Acrimony
Inclination

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37

Daily Money Management



Taking the effort out
of the overwhelming

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38

Daily Money Management: Services



Banking, Bill Paying
& Daily Financial
Tasks



Financial
Organization



Insurance
Management



Estate
Administration



Fraud
Prevention



Communication
& Support

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39

Financial Circle of Life



40



What about my healthcare decisions?

Aside from finances, a fiduciary can also assist in the care of a client when unexpected events, age or other health conditions leave an individual incapacitated.

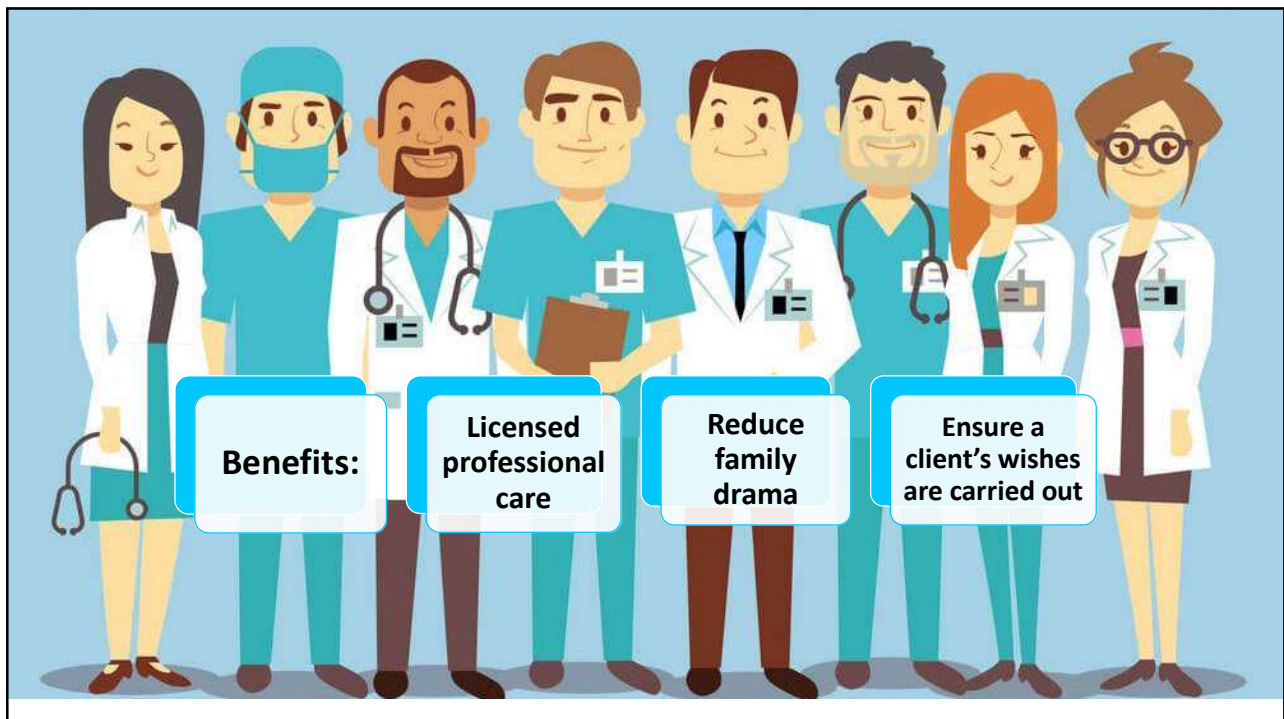
Roles:

- Healthcare Power of Attorney
- Conservator of the Person

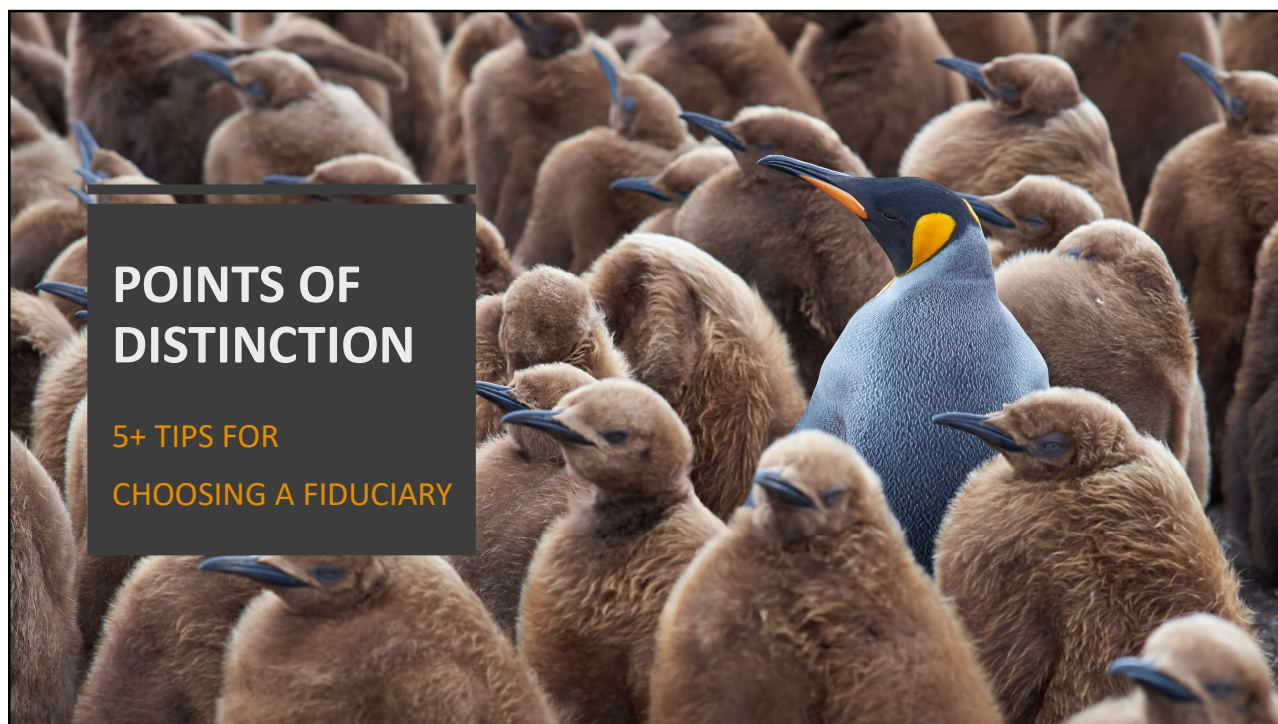
Partners:

- Aging Life Care Managers
- Home Care Companies
- Assisted Living Communities

41



42

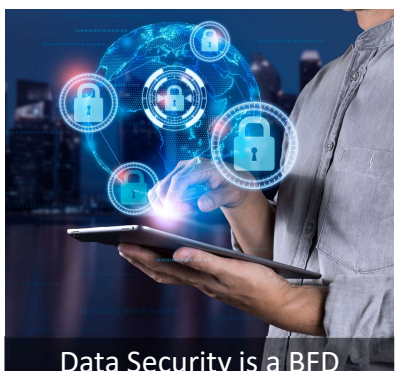


POINTS OF DISTINCTION

5+ TIPS FOR
CHOOSING A FIDUCIARY

43

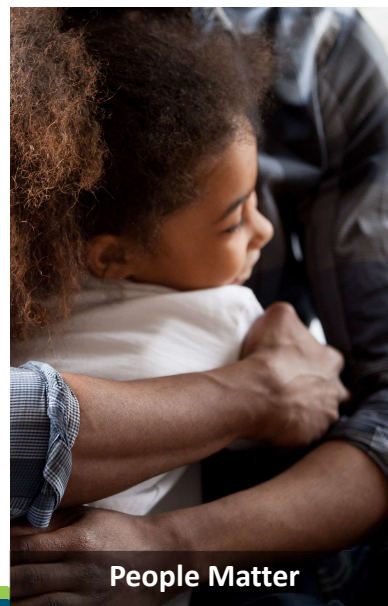
Cornerstones of their Belief System



Data Security is a BFD



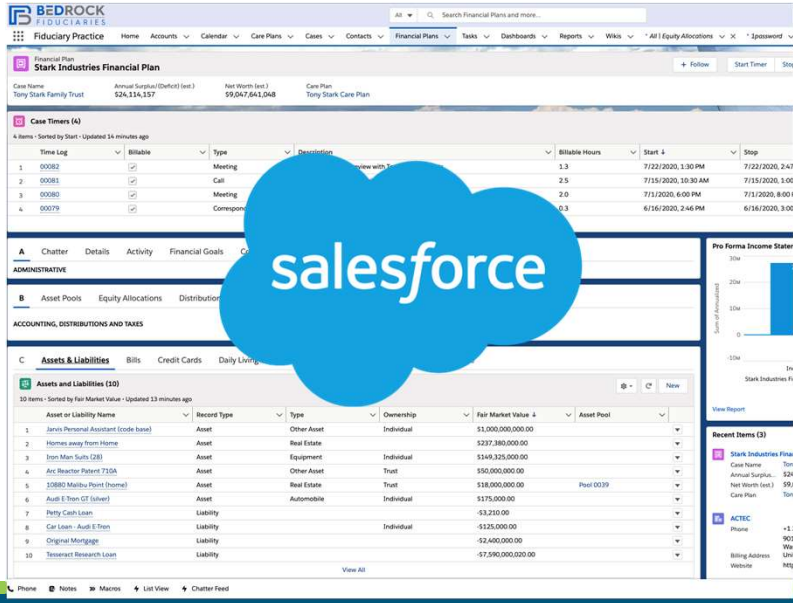

Time is Money



People Matter

44

Secure, Enterprise-Grade Systems

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45

Secure – in both Digital and Physical Worlds



TL-30 Rating



Social Security Verification
Address History Trace
County Criminal History Check
Federal Criminal History Check
National Criminal History Search
National Sex Offender Search
Global WatchList (OFAC)
Monthly Monitoring



FireKing 



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46

Some of the Usual Suspects



Password
Managers



Antivirus
Software



Secure Operating
Systems



Bitdefender
Encryption



VPN



Advanced Threat
Protection



External Data
Backup



FileVault
Local Encryption

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47



48

Fee Considerations – It Really Does Depend. . .

SCOPE

Size and complexity of the estate / trust assets.

COMPLEXITY

Some estates have no real property and simple financial accounts. Others include multi-unit dwellings and diverse financial portfolios.



DURATION

Some matters primarily involve distribution. Others require ongoing administration.



FEE

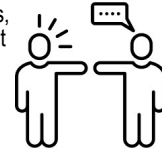
STRUCTURE

- Percentage-based
- Hourly
- Hybrid



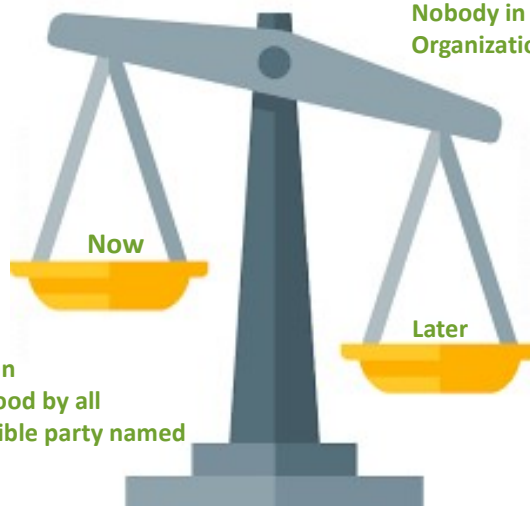
FAMILY DYNAMICS

Time dealing with family members, even lawsuits at times.



49

When to Pay



Unclear plans -> Conflict
Nobody in charge
Organizational backlog

Clear Plan
Understood by all
Responsible party named

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50

Consider a Professional Fiduciary When. . .

POA/Trust Administration

- Grantor has no suitable family member to name as successor
- Trustee has become incapacitated and requires a successor
- A guardian or conservator of the estate is needed

Daily Money Management

- A senior – or someone not so senior – is struggling with money matters
- You know someone who is “time challenged”
- Someone needs help due to an unexpected change in circumstances

When you need a reliable, ethical, neutral third party to manage personal assets and affairs ...for any reason.

**OUR FIRST RESPONSIBILITY
IS YOUR TRUST.**

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51

Unique Ways to Use a Professional Fiduciary

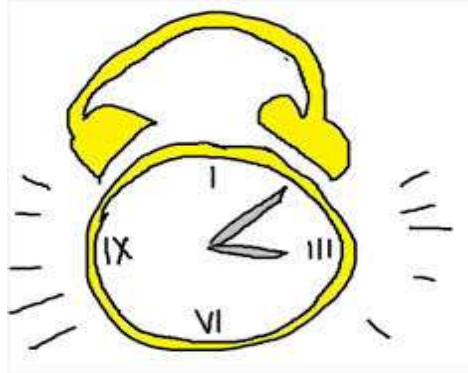
Respite Care/Early Connections/Special Needs Children

- Vacations of family watching family
- Out of state family members
- Early relationships when future fiduciary is known to be needed
- Special needs children with aging caretaker
- Conservatorships

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52

Case Studies – Can You Believe This One?



Let's Wake Up . . .

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Conservatorships – What They Are

Court Ordered Care Process of Another Person

- Investigation of Conservatee AND Conservator happen
- Contested vs. Non-Contested/Temporary vs. Full C-ship
- Court Records and Accountings for Life
- Expenditures must be approved (e.g. court permission to buy gifts for others)
- Can be expensive and heart-wrenching but a good result if needed – Special Needs Children/Vulnerable Adult

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Conservatorships – They Are Not What You Think!

- No free reign on assets
- Fiduciary duty to Conservatee -- like a private fiduciary
- Reports to the Courts
- Must support Conservatee's wishes as known
- May be caused by poor planning
- Medical diagnosis may not require a conservatorship

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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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56

Follow-up Questions

Sandy VandenBerge

sandy.vandenberge@tmmc.com

310-784-4843

www.torrancememorialfoundation.org/news

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