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Summer 2018 Hot Topics in Estate Planning

We want to wish all of our clients and friends a happy start to Summer 2018! Below are some hot topics in estate planning that have come across our desks recently for your consideration.

Estate Planning for Graduates and Young Adults

Many families have graduation on their mind this time of year. We recommend that our clients with young family members graduating high school, going off to college, or entering the work force consider speaking with their children about implementing a few basic estate planning documents:

1. *Advance Health Care Directive* – an Advance Health Care Directive allows an individual to (1) appoint a Power of Attorney for Health Care, and (2) state instructions for future healthcare decisions. When a child reaches the age of 18, mom and dad are no longer automatically able to make medical decisions. Having a document in place with designated agents and their contact information will give the whole family piece of mind.
2. *Durable Power of Attorney* – Much like health care decisions, mom and dad are out of the loop with regard to financial decisions once their child reaches 18. Even if assets may not be substantial, having someone in place to manage those finances in the event of an emergency is a wise decision.
3. *Beneficiary Designations and Wills* – Particularly important for young adults entering the work force, families should have a discussion about estate succession from the start. Make sure that beneficiary designations are completed when that new 401(k) is established, and consider having a simple will in place.

Income Tax Efficiency

With higher estate tax and gift tax exemption amounts (\$11.18 million per individual, \$22.36 million per couple using portability), it's important to consider the income tax ramifications of any irrevocable trust of which you may be a beneficiary. Will the assets in these trusts obtain a step up in basis when they are passed to you and/or your descendants, or will unnecessary, avoidable income tax become due? Proper planning now can save you and your family tens of thousands of dollars down the road. We have been making use of cutting edge estate planning

techniques that can increase the tax efficiency of these irrevocable trusts and preserve as much family wealth as possible.

Charitable Contributions

Proper planning and direction of charitable giving can be a powerful estate planning tool. We have been speaking with clients about the benefits of using retirement account assets for charitable contributions at death, as well as the ease and advantages of establishing a Donor-Advised Fund (a “DAF”) during life. Think of a DAF as an investment account specifically for charitable giving. A donor establishes an account with the DAF (which is maintained and operated by a community foundation, charitable organization, or other 501(c)(3) organization). Funds in a DAF are invested and continue to grow, and the donor can make recommendations for grants to charitable organizations from this account. At the donor’s death, he or she can name a successor advisor such as a child to make recommendations for grants. Donor-Advised Funds can be a fulfilling way to involve the entire family in directed charitable giving without the financial or time commitment of a private family foundation.

As a reminder for our existing estate planning clients, please make sure you have read the letter from us in the front of your estate planning binder. This letter sets forth certain action items, including important steps you must take to make sure that your trust is funded.

We recommend reviewing your estate plan if (i) you have not reviewed your plan within the past 3 years; (ii) your circumstances or your beneficiaries’ circumstances (i.e. health, wealth, family) have changed; (iii) you no longer wish for the person or entity named as your trustee/executor/agent to act on your behalf; or (iv) you have concerns about asset protection.

**If you have questions about this newsletter or wish to review your estate plan,
please call our office at (818) 338-3252
or email kdevore@trustplanner.net**

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