

## ESTATE PLANNING MADE EASY TRANSCRIPT

Hello everyone. This is Robert Mansour and we are going to be presenting something called estate planning made easy today. This is for the folks who could not join us on the live webinars. We have decided to record this and put it up for those folks. Who've been asking about a recording. I want to thank everyone at Duncombe Financial for making this possible. And I've worked with Duncombe Financial now for many years. And without fail, their clients have been very, very happy with their advice and their guidance. So if you need help in the financial advice arena, I encourage you to visit [dunk home financial.com](http://dunkhomefinancial.com). All of my contact information is located at the bottom of the screen. I'm Robert Mansour. That's my handsome mug at the top right of the screen. My number is 661 414 7100 and a lot more about me and my office, as well as tons of videos and articles on the subject of estate planning are available at [MansourLaw.com](http://MansourLaw.com).

So without further ado, let's see if I can get these slides to cooperate with us. There we go. So the big problem that I've found is this word estate. When you say estate planning, some people don't even know what that is. They're like, what are you talking about? I don't have an estate. I don't live in a, a big mansion or some people say estate. Do you sell real estate? Is that what you, you do you sell homes and buy homes? I'm like, no. So as you can see, the word estate is, is kind of a problem for me because it's hard for me to explain to folks what I do. In fact, when I talk about the word estate they imagine very different things in their heads. They imagine big house on a hill.

They imagine playing polo with their friends, counting their money. They imagine people driving fancy cars, estate planning is for rich people, is what people say, you know, oh, I, no, that's not for me. That's for rich people. Well, rich people do estate planning, but average folks like me and other folks might want to consider estate planning. Because if you think about it, why do rich people do estate planning? Well, they do estate planning because they are concerned about protecting themselves and protecting their families. The same considerations go for people who have \$5,000 in their bank account. And for folks who have \$5 million in their bank account or more so estate planning is not just for rich people, but that's what a lot of people think. And that is the the issue that I sometimes have when I'm trying to explain the the topic to folks. So if an estate plan is for anybody, well, what is included in your estate? What is your estate? And the way I explain it is I tell clients, look, it's basically all your stuff. So your house, for example,

If you have any real estate, you don't have to have real estate to have an estate plan. Your retirement accounts, IRAs 401ks 403 BS, things of that nature pension plans. If you have one cash in the bank stocks that you may own insurance policies, yes, life insurance is part of your estate. Even though you don't have that money right now, when you pass away that money is going to be infused into your estate and therefore it's going to be part of it. So if you have a million dollar life insurance policy that counts, and then at the very bottom of your screen is jewelry. We call this personal property. So all of your personal property belongs to your estate as well. Furniture, jewelry, clothing, your automobiles paintings antique furniture, all of that stuff is part of your estate. So I tell clients, Hey, let's do some stuff, planning, you got stuff.

They say, yes, I got stuff. I said, great. Let's do stuff planning. And they say, yes, let's do that. That's what I want to do. Stuff planning. Because again, they get freaked out when they hear that word estate. And so I have to try to explain an estate is just all of your stuff. The analogy that I like to use is that of a legal toolbox. I tell clients, look, if something breaks in your house, like a picture falls off the wall or something like that, and you want to fix it. You, you can't just sit there and do nothing. You have to go get your toolbox from the garage or wherever you keep it. And you have to pull out the right tools to fix that particular problem. You can't just grab any tool from the toolbox. So for example, you're probably not going to grab a wrench to hang a picture.

You're probably gonna pull out the the hammer and the nails. So an estate plan is the legal toolbox. Some people will call their estate plan. They call it their living trust. They say, Hey I want you to create a living trust for me. And I say, actually, you mean an estate plan? And they're like, no, no, no, no, just I just want trust. And what they don't understand is the estate plan is the toolbox. And the trust is just one of the tools in that toolbox. So let's continue here and ask ourselves, well, what, why is it important to create a toolbox? What, how does it help me? Exactly? Well, there are two main reasons to create a legal toolbox or an estate plan. The first one is that is the issue that most people think about when they think about this stuff.

They're like, oh, I know this is about who gets my stuff when I die. And I say to them, yes, it is about that. But it's also about something equally, if not more important. And it is this who has the legal authority to act on my behalf. Some quick examples. I called my wife's credit card company because I wanted to pay off the credit card. And I spoke with them and I said, hello, this is Robert Mansour. I would like to pay off my wife's credit card. Can I please have the balance on the card so I can send you the money? And they said, no, we're not going to give you that information. That's private information. Your wife has to call. Let's say, I'm very sick in the hospital. And the doctor is recommending a particular surgery. And then my wife is very concerned because the doctor said the surgery is very dangerous and there's a 75% chance.

I might not make it. And so she says, no, I don't want my husband to have that surgery. That sounds too dangerous. And then my brother shows up and my brother says actually I think he should have the surgery because that's my brother in there. And we are blood relation and you are not. And now my wife and my brother are arguing about my healthcare. Well, that has nothing to do with who gets my stuff. When I died, it's much more about who has the legal authority to act and how do people get the legal authority to act? How do people get that? Well, that authority needs to be given to them by the individual. So I have to give them that authority. So that's kind of important. You have to understand that you want to do this while you have the ability to do it.

If you wait until you're in the hospital and you got tubes coming out of your throat, et cetera, not a good time to be signing legal documents. And you may not even be able to have the ability to confer that authority to others. So those are the two main reasons we create the legal toolbox. So if we're gonna create a legal toolbox, let's talk about what's in it. What are the four main tools of most estate plans? This goes for single individuals and couples as well. So the first one is that

living trust, the living trust is like the hammer of the toolbox. People sometimes say, well, should I get a living trust or should I get a will? And that's something you need to discuss with your attorney and you think about, okay, what are the pros and cons of each approach for most people who have real estate, some degree of wealth, they have children, perhaps they want to control their assets.

And, and the distribution of those assets. In most cases, a living trust is the, the most efficient vehicle to use. But in some cases, if you have very modest wealth, I had a client with, I think he had like \$25,000 in the bank. But other than that, he didn't have anything else in his particular situation, a will was appropriate. Now let's go to the second major tool, the last will and Testament now, for people who have a living trust, they often get confused. They're like, why do I also need a will? Well, it's a special kind of will. And we will talk about that a little later in the presentation, the next legal tool you're going to have in the toolbox is something called power of attorney. The power of attorney. We will be talking about that also later and healthcare documents. Now keep in mind, these are the four main tools.

There are lots of other ancillary tools, but these are the four big ones that most legal tool boxes, AKA estate plans contain. So the analogy that I like to use is that of the airplane. But before we get to the airplane analogy, let's talk about the three major players involved in a living trust here at the top left of your screen. First, we have these people called the set lores. The set lores are the people who create the living trust. Now you might have never heard that term. And that's fine because the more common and a little bit of a more dated term is grant tours, trust stores. But now we use the term set LUS, but it all means the same thing that people who create the living trust. Now, the reason I have the word contract up there is because I want you to understand there's nothing mystical about this document.

A living trust is nothing more than an enforceable legal document. So if two people create a trust, that's essentially a contract between the husband and the wife and people have to follow the rules of that contract. And that that document can be taken to court and enforced. If people do not play by the rules of the contract. So the set lawyers are the people who create the trust and they will always be the set lawyers, even after they pass away.

Now, the trustees are the people who are managing the trust. Okay? And in the very beginning, it's you, the person who creates the trust 99% of the time is also the person managing the trust. And we call that person. The trustee, the successor trustees are those who take over after the trustees are no longer able to serve for one reason or another death and capacity disease, car accident, you name it.

There are times in life when you can't fly that plane anymore. So speaking of the plane, let's take a look at the top, right of the screen for our visual analogy. And I'm going to kill you with analogies in case you haven't noticed that by now. So in the cockpit, in the very front of the plane are the set lores who are also the trustees. They're the ones flying the plane together, seated behind them. In first class are people we call the successor trustees. These are the people who are going to fly the plane. If the trustees can no longer fly the plane. So if that plane starts going for

a nose, dive the people in first class are going to rush the cockpit. And they're gonna try to figure out, oh my goodness, do we need to take over? Do we need to fly the plane?

Now, those are your successor trustees. Then you have these people called the beneficiaries. The beneficiaries are those who benefit from the living trust. And once again, in the very beginning, it's the people who created the trust. They occupy all three jobs. They are the Settlers. They are the trustees and they are the beneficiaries. They will not always be the trustees and they will not always be the beneficiaries. So what are the benefits of having a living trust? How does it help me? Well, number one, everything in the name of your trust, and we're going to get to what that means in a minute, but anything inside your trust avoids the probate court. So let's say you pass away and you don't have a living trust. People. Can't just start giving your stuff away. They can't sell your property. They can't start distributing money. In most cases, they have to go to this place called probate court.

Probate court is a special division of the court system. So for example, there's divorce court, there's civil court, there's criminal court, there's family there's juvenile court. There are all different components of the court system. The component that handles the distribution of people's estates and, and fighting about people's estates and who gets what and all that other business is probate court. So the benefit of creating a living trust is that you have taken care of things in advance. Then we don't have to involve the court system when you die, because you got all your ducks in a row before you passed away. Also, the other benefit is that the people that you've selected as your successor trustees get to manage your stuff. They get to fly the plane. Some in some families some folks are very nosy or they impose themselves upon others.

And they say, I'm going to take over. I'm going to be in charge of this, that or the other. It's not the first person to the cockpit who gets to fly the plane. It's the people that you've chosen listed in that living trust, who get to manage your stuff. And so to some degree, you have some control by choosing people that you have faith in to manage your affairs. And finally, the rules of your trust govern assets that are in your trust. So if your trust says your, your kid has to be 25 years old before they inherit something from you, that's a rule and it has to be followed. And there can be a lot of different rules in your trust and, and your trust. And people have to honor those rules. And if they don't, where can they be taken? They can be taken to court because once again, a trust is an enforceable legal document.

Like all of these documents that can be, that person can take to court to enforce. Now, when I say the stuff on, in, in the trust, I'm referring to the bottom picture here you have to put cargo on the plane. So if you're going to create this plane, you got to put luggage on it. Otherwise the plane isn't carrying anything. It's a lot of clients have a living trust, but there's nothing in it. So let's continue with that and talk about what it means to put stuff in the name of the trust. So at the very top of the screen, you'll notice, it says, you have to put things in the trust in the trust is in caps for emphasis. You can't just build this house. You need to furnish it. That's what we call funding the trust. So some clients, if you take a look at the bottom left of the screen, they build this beautiful house, this beautiful trust with all the provisions they want and all the rules they want.

But then if you look inside the trust on the right hand side, inside the house, it's empty, it's an empty shell and they have no assets in it. So that's kind of what I was talking about, about putting luggage on the plane. You have to fund that living trust. You have to put things in the trust. So let's talk about what goes in the trust. What do we put in this beautiful house that we build together? This airplane that we are flying? See, I told you I was gonna use a lot of analogies. Well, bank accounts are examples of things that go in the trust, checking savings, Mar money market, et cetera, real estate condominiums a vacation house, your primary residence condom a, a building that you might own investment accounts go in the name of your trust. Mutual funds, stock funds, bonds, things of that nature.

Certificates of deposit, also known as CDs, which fewer and fewer people have now, but even, so those have to go in your trust credit union accounts, business interests, let's say you own a business. Well, does your trust, is that part of your trust or is that outside your trust? Remember you have to put things in the trust that you want your trust to govern. So if you want your trust to govern a particular bank account and distribute that bank account, according to your rules, you got to put that bank account in your trust. Now, the proviso here, or the caveat is not retirement accounts. We don't put retirement accounts in the trust as a general rule, individual retirement accounts. That's not how it works. You have to put a beneficiary on those accounts. So some assets are going to pass by way of beneficiary and some assets are going to pass by way of the living trust.

We will talk about that in a little more detail later on. So how do I put things in my trust? How do I do it? Well, as I alluded to earlier, there's no magical property here. There's nothing. Your living trust is not going to do things by magic. Some people create a living trust or they create a will, and they think it has some kind of magical properties that suddenly that document now governs everything. No, it doesn't. You actually have to change the title to your account, to your asset. Remember I told you earlier, you have to furnish the house and you do that by changing title to your assets. Well, so here's an example at the bottom of the screen, instead of the account or the real estate or whatever, saying Tom Smith and Anne Smith, you need to change the title to read as follows Tom Smith and Anne Smith, trustees of the Smith family trust dated three 14, 2021.

Now that's an example of how you would change title. So if Tom and Anne own property, they, their recorded deed at the county has to say Tom Smith and Ann Smith, trustees of the Smith family trust, et cetera. If they have bank accounts, they need to say on the bank account, when they walk into the bank and they look at their statement, it doesn't say Tom Smith and Ann Smith. It actually has to say what you see on the bottom Smith Tom Smith and Ann Smith trustees of the Smith family trust. When you see that language that tells you that that particular asset is in the trust, it's cargo on the plane. And once again, I have a lot of clients who tell me, yeah, I have a living trust. And I'm like, great. Let's take a look at the title on your accounts. And we noticed that none of their accounts are in the name of the trust.

It still says Tom Smith and Ann Smith just like it did before they had a trust. And so this is a very important thing. And one of the main reasons that estate plans fail is because people create these documents, but they have no idea how to use them. There are some important considerations when we have to think about when creating a living trust first, who are your successor trustees going to be? Who is going to be that person who's going to be flying the plane if you cannot? And remember, there's no perfect decision here. Sometimes some people can't pick somebody because they're like, well, I pick my brother, John, but you know, sometimes he's not very responsible. Or I think my cousin Sally would be great, but sometimes she's not good with the kids, blah, blah, blah. Here's something to keep in mind. Don't get paralyzed by analysis. We call it paralysis by analysis.

If you spend too much time thinking about this stuff, you're not going to get anything done. You're going to just do nothing. And in many cases, people do that because they can't find that perfect person. But guess what? That perfect person doesn't exist. So you need to pick the people that you have the most faith in, who can read the document, who can work with the attorney, who can follow your instructions. They don't have to be perfect, but you need to pick maybe two or three people to be your successor trustees. The next important consideration is who is going to inherit from you. How do they inherit from you? When do they inherit from you? Perhaps there's sometimes when they do not inherit from you. So for example, what if one of your beneficiaries is going through a divorce? What if you're one of your beneficiaries is filing for bankruptcy?

What if your, one of your beneficiaries is in the middle of a lawsuit? Sometimes it's not a good time to inherit. And so those types of rules and regulations need to be outlined in your trust. If you are married, what happens when the first spouse dies? This is very important. So if the husband dies first, is the wife allowed to change the living trust? Is she allowed to change the distributions? Change the trustees. These are issues that a married couple needs to discuss when they are creating their living trust. And you'll notice on the screen, it says, what type of living trust do you have? There are various types of trust, and you have to design that with the attorney and talk about what is the best type of trust. For, in some cases, you're gonna have a blended family.

That's becoming more and more common people with children from previous marriages. The husband has his kids from a previous marriage and the wife has her kids from a previous marriage. Well, what are we going to do? What kind of plan are we going to design that protects everybody involved? Here are a couple of examples. Here's a living trust at the top of the page. You'll notice the first spouse dies, but these people have a basic trust and everything just stays in the very same container, the living trust. And you'll notice the spouse on the bottom of the screen here, trying to figure out what to do. And on the left, it says surviving spouse remains in charge of living trust. Will he or she be subject to influences? Now, in some cases, we do have to consider that because as you may know, sometimes one of the spouses dies and a few years later, somebody new shows up a new companion.

If you will, a new girlfriend, a new boyfriend, a new spouse, and that person comes in and exerts influence on the original surviving spouse. And that could be an issue for some families. Now, there are other types of trust. We have types of trust that split into two trusts when one person dies. In some cases, the split is optional. In some cases, the split is mandatory. So what does that mean at the very top of the screen? You'll find the living trust and the first spouse dies. And then what happens is the second spouse now splits the trust into two portions. Now the one on the left bottom is what we call the survivor's trust. This is basically the surviving spouse's portion. They can do whatever the heck they want to do with this side. But on the right hand side of the screen, you'll see that's the decedent trust.

The trust created for the deceased person. And that is not amendable. That one cannot be changed. This one is going to distribute. The one on the right is going to distribute. According to the rules originally outlined by the two spouses. And in this, in some cases, this was done for estate tax purposes, but estate taxes are becoming less and less of an issue for most people, because most people don't have enough money to be worried about estate taxes, but that's something you need to discuss with your CPA and your lawyer. But what we sometimes will do this for is for issues of blended families, where the family is blended children from previous marriages. Sometimes it's a good idea to do this move in order to protect the children from the first relationship. Now, let's talk about estate taxes a little bit. What the heck are estate taxes?

Basically, the way I explain it to clients is, look, if you have too much money in the United States, the government wants some of your money. That's pretty much it well. So <laugh> how much is too much money. Well, an individual at this time, when this was recorded, can pass a little over a million, excuse me, 11 million to their heirs over lifetime and married couples can double up on that. So a little over 22 million now, a few years ago before this recording was made a few years ago the amount was 5 million per person. So \$10 million for a married couple, which for most people again, is not a problem. Most people don't have that kind of money sitting in the bank. That's not, and even with life insurance, by the way, that counts towards the number, but it's fewer and fewer people are affected by it now.

So it's becoming less and less of an issue. Now what's interesting is that I have some clients come to me, oops. And I review their living trust. And I find that they have an old living trust and that old living trust calls for a split, just like we saw in the previous screen where the trust splits into two parts. And the reason for that is because they had an estate tax problem, or the lawyer who drafted the original trust was worried about that. But that's becoming so rare now that many clients have old trusts that are not suitable anymore. They need to revisit their trust. Maybe they need to rewrite the whole darn thing, but you got to, you got to understand. You got to create a trust and then you have to revisit it every, you know, 10, 10 years or so to make sure that it still appropriate.

And it still says what you want it to say. Now earlier I talked to you about how not everything is going to pass by way of the living trust. Some things are going to pass by way of beneficiary. So at the very top of the screen, you will see, it says, once you have a living trust, your assets will pass via one of two funnels. So on the left hand side of the screen, you will see the living trust

funnel. These are assets that pass via your living trust. And that means we have to change title on those assets. Remember we talked about changing title on those accounts and real estate. So what goes in your trust? A quick example here on the left hand side, real estate bank accounts, regular investments, CDs, credit union accounts, savings, bonds, et cetera. This is not an exhaustive list, but this gives you an idea.

Now on the right hand side of the screen, you will find a separate funnel that your estate assets are going to pass through. And those are generally retirement type accounts, life insurance pension, in some cases, and some people have these things called annuities. We can also now include things like health savings accounts. There are some assets that when you create them, or when you open them, for example, you open a retirement account or you get a life insurance policy, they don't care about your living trust. They don't even ask you about it. What do they want you to do? They want you to fill out a beneficiary form. And the beneficiary form is just a, basically a one page document. Sometimes it's even smaller than that, where you indicate who gets your stuff, or who gets this asset when you die. And in some cases, naming a human being is a great idea.

But in other cases, that may not be the best idea. So for example, you might have young children, or you might have a beneficiary. That's not very good with money. In those particular cases, the beneficiary might be your living trust. So instead of naming John Smith as your beneficiary or, or, or Sally Smith, you would name the Smith family trust as the beneficiary of that particular asset. So quick example, I have a \$1 million life insurance policy. The beneficiary of my life insurance policy is not my wife. It's not my two kids. It's the man sewer family trust. But for that to happen, I had to fill out the form provided to me by the life insurance company. And by the way, many of these companies now offer online access where you can log into your account and you can make those changes. Now, I don't wanna get too much into the weeds here, but what you just have to realize is that after you create your trust, you need to make sure that every asset you own is in the correct funnel.

It's like the, when you, it's like when my kids were little, each of my kids had a toy chest, a toy box, and we would make sure that my son's toys go in his toy box and my daughter's toys go in her toy box. Same idea. You need to make sure that every asset you have is in the correct funnel. And that's something that you got to work with your attorney. Now, the next legal tool that we're going to talk about and the final legal tools that we're going to talk about here, it's going to be a much quicker discussion because the trust is generally the most complex. But remember I told you that you're also going to have a last will and Testament sometimes just referred to as the will. So let's talk about that. The person in charge of your will is called your executor.

Now keep in mind for most married couples, the wife is going to be the executor for the husband and vice versa, followed by whoever else they want of their choice. Now, the reason I tell you this word executor is because many people confuse this word with the trustee of the trust. Some people will use them interchangeably, they will say, oh, so, and so is the executor of my trust or so. And so is the trustee of my will. That's not really correct. Even though in most cases, people understand what you're saying, just realize the trustee is in charge of the trust. The executor is in



charge of the will. The reason that you have a will, when you have a living trust is that the will serves as a safety net, a safety net for your trust. If there is an asset that is not in the name of your trust, and it just says Tom Smith on it, or it just says Ann Smith on it, doesn't say Smith, family trust.

If Tom or Ann passes away, it is conceivable. We're going to have a problem because that asset doesn't say the name of the trust on it, but that's okay because that asset will fall. And it will bounce off that safety net that we call the will, and it will bounce right back into the trust. Also in the will is generally where you will nominate guardians for your minor children. So if you have minor kids, kids in California under the age of 18 and in most states, that is the case, but in California, right now, the age of majority is 18. Anybody under 18 is considered a minor and you wanna nominate people in your will to take care of your kids. If you cannot, these are gonna be the guardians of your children. I want to contrast with a regular will. So the will that works with a living trust is like a safety net, but a regular will that some people have remember earlier.

I told you that some people are not going to need a trust. They're just going to have a regular will. And a regular will only goes into effect after you die. Frankly, all wills go into effect after you die. But one, one difference is that a living trust is, is available when you sign the documents, it's, it's a living trust. If you will, it goes into effect the day you sign the living trust and a will only goes into effect after you have passed away. So that's one of the main differences. A lot of clients will say, oh, I already have a will. And I say, that's great, but the problem is a will only goes into effect after you pass away. So it's not really going to do you much good while you are still alive. The difference between a will and a trust well, one of the differences as we discussed is that the will goes into effect after you die, but also a trust generally will be much more sophisticated, offer much more protections for the people involved.

It offers more protections for you while you are still alive. Because remember, if you, if you are sick or you can't handle your own affairs, somebody else will step in and start managing your trust for you. They can't really do that with a will. Now, next is something called power of attorney. Durable power of attorney is the next legal tool in the toolbox that I want to talk to you about. The person in charge of power of attorney is your agent. That's what we call that person. So let's review the person in charge of the trust is the trustee. The person in charge of the will is called your executor. The person in charge of your power of attorney is called your agent. Now, remember, this is you have to give someone this authority. You can't just go take the authority from somebody. They have to give you that authority.

They act as your alter ego. That's essentially what their job is. That's what they do, because if they are you, they act in a multitude of circumstances. You might remember at the outset of our discussion. I talked to you about calling my wife's credit card company and asking them for the balance. Well, that's a perfect example of when I would need power of attorney. My wife has to give me that authority for me to be able to act on her behalf. When is it effective? This is a very important question by default. I usually create my documents for my clients, especially the power of attorney. I, I make sure that it's effective immediately, meaning that the agents that you have selected, the people that you've selected will have the immediate authority to act on your

behalf. Now contrast that with some documents that I see, cuz sometimes clients will tell me, oh, I have a power of attorney.

I'm like, great. Let me take a look at it. And then we see very common. It'll say something like this power of attorney shall only be effective. When two physicians have signed declarations under penalty of perjury, that I am incompetent and incapacitated, unable to handle my own affairs. I'm like, that's great. But now there is this hurdle that your family has to jump through before they can use these documents. In my opinion, if you've chosen people that you trust make this document effective immediately so they can act for you immediately. Something a lot of people do not realize is that power of attorney, this document dies when you die, it dies when you die. So that means that after somebody dies, you can't keep using that document. But without fail, I see clients using it long after someone is deceased. Their dad died six months ago and they're still using the power of attorney to do this, that or the other. And I explain to them, that's not legal. That's technically not right. And you might get into some trouble. The trust continues to exist, but the power of attorney dies when you die. Let's talk about the healthcare tools. These are the other tools of the toolbox that I mentioned to you. So this is once again, where you select an agent, someone to make healthcare decisions for you if you cannot.

Also, this is not just to pull the plug document. Sometimes clients say, oh, this is the pull the plug person. I'm like, yes, it is the pull the plug person. But it's a lot more than that. This person is your advocate. This person is the one who is allowed to get answers from doctors, from nurses, from home healthcare of personnel. This person can move you from one facility to another. If they're not happy with your care, this person is, is your advocate. They're in the hallways of the hospital, raising hell, if you are not being cared for properly. And that's a lot more than just deciding whether they're going to pull the plug or not. I mean, at some point that becomes an issue, but the more important component in my estimation is that you are naming this person to be your advocate. And remember you have to give this person the authority.

I get client clients who call me all the time. They're like, yeah, my dad's in the hospital and I need power of attorney over him, or I need a healthcare directive. And I say, well, that your dad has to give you that power. You can't just go take it from him. And they're like, oh, well my dad can't sign anything. He's in a coma. Or he he's too sick to sign anything or he's got Alzheimer's disease. And I say, well, then it's too late. You got to get these tools in place while you can't, you can't turn the clock back and put these tools into place in California, we call the main healthcare document. The advanced healthcare directive, advanced healthcare directive in some states it's still is called power of attorney for healthcare or living will. There's a variety of names for this thing, but in 2001, if memory serves California changed the name and the document to something called an advanced healthcare directive.

Now keep in mind with all of these documents, all of these legal tools, there are entry level tools. And then there are documents that are more sophisticated and cover a lot more stuff. I tell clients, it's like, if you get a car with no airbags versus a car with 10 airbags, they're both cars at the end of the day, but one car is going to offer you a lot more protections. Then the entry level car, the base model, if you will. So you want to make sure that you get really good legal

documents and not just entry level documents that leave a lot to be desired. Now it is very important to have additional documents to allow the access of medical records. You might say, well, why would I need medical records? Well, maybe you're not happy with the care that your spouse is receiving. And you want a lawyer to review the records and make sure that the care has been appropriate because you might want to bring a malpractice claim against the hospital or the doctor or whoever did the surgery and botched it.

Or you might want to have the doctor. Another doctor reviews the medical records of your loved one, because you want to make sure that the surgery recommended is a good idea. You want a second opinion. You want to move your loved one from one facility to another. You may need access to those medical records. These are known as the HIPAA laws, H I P A a, which stands for the health information, portability and accountability act HIPAA. When is it effective healthcare tools, the same as power of attorney. If you're going to be an advocate for somebody, you generally want that power to be effective immediately the day that person signed it. But I still see lots of clients with documents that have hurdles such as once again, two doctors, three doctors, whatever must declare me incompetent

Before my cousin, Joey is allowed to act on my behalf. So for some clients, they, they like to have those hurdles, but for most of my clients, they would prefer no hurdles because they want their their chosen folks to be able to act for them right away. Let's talk about joint ownership briefly because it is one of the ways that people own property. One of the most common ways, especially that married couples own property at the very bottom of this thing, it says exhibit a, there's our happy family of Tom and Anne. And there are three children right there. So let's talk about joint ownership. If two people own an account together, or two people own real estate together, the last man standing gets the entire property or the entire account. So if me and my brother own real estate together and I die, my family doesn't get anything.

My brother gets the entire parcel of real estate. Last man, standing, inherits everything. Also, if you add somebody to your account or you add somebody to your real estate, you are losing control. Here's why, because you're going to need that person's signature. If you want to close the account or if you want to, well, not if you want to close the account, but if you want to sell the property for example, and keep in mind, if you add somebody, they can go into that bank and take all your money and run with it. It's their account too. Some people will add owners to their accounts or to their real estate. And it's simply just postponing probate. They just keep adding people to their account or to their property because they are worried that if they die and no one else is on the property, that's going to go to probate court.

But if you just keep doing that, you're just going to keep just postponing. The inevitable something very important people don't realize is that when you add somebody to your property or you add somebody to your account, you're actually putting a bull's eye on your asset. So for example, if I own property and I decide to put my son on the property with me, or on a bank account with me, if my son gets into any trouble like a divorce or a lawsuit, or he gets into bankruptcy, anything like that, that's going to be my problem now because his name is on my account. And anything with his name on it is fair game. So putting people on your assets is

sometimes not the best idea. Also, if you put somebody on an asset like real estate or a bank account, you can't just remove them. So let's say I add my son on my account one day at the bank. And he comes with me and he signs paperwork, et cetera. And then about a week later, I'm like, yeah, you know what? I don't want my son on my account anymore. I can't just walk into the bank and remove him. You know why? Because he's a co-owner of the account. Now he needs to go to the bank and remove himself. But the problem is maybe he doesn't want to do that. So adding a Co-Owner could create a problem that you don't really need. If your joint owner becomes incompetent or incapacitated, the court may take over that person's affairs. And now your asset is owned by you and, and the court is also involved in controlling your asset. There is also a cost basis problem. And this is what this means. Basically, if I give my, if I add my son to my home and let's say, I bought my house for a hundred thousand dollars, 50 years ago. Okay. And then that house is now worth a million dollars. If I die and my son sells my house, he has to pay taxes on my original amount, the 100,000 all the way up to the \$1 million sale. And the reason for that is when you add somebody to your accounts, or you add somebody to your real estate, you were also giving them that thing called the cost basis to the asset.

And that may cause adverse tax consequences for that person when they could have just inherited it, vis Avi, a living trust or otherwise. And they could have kept all the money upon the sale of the home. So that is an issue that you B must be mindful of. And let me introduce to you, Elaine. Elaine is your husband's new wife. So ladies, if you pass away and you got yourself, a husband, let's say he meets a new gal and that woman is named Elaine. Elaine can cause a lot of problems. All right, look at her. She looks like a troublemaker already. And also gentlemen, I want you to meet Marty. Marty is your wife's new husband. This guy is going to show up after you die. And he's going to cause problems for your wife. He's going to become her quote, companion, her boyfriend, her, her significant other.

And the problem is that Elaine and Marty might cause problems in the future. So let's talk about how that might happen. There is Elaine at the bottom, right of our screen. Let's say our husband; the example was Tom owns \$100,000 account jointly with his wife. Anne dies, who owns the account? Well, because they owned it jointly. Tom owns the account and that's how most married couples own their stuff. But let's say Tom meets the lovely Elaine at the bottom right. Of our screen. And because she is so lovely and he is so in love with her, he adds her as a joint owner to his bank account or to his real estate. Alright - Follow me so far? So now Tom owns the account jointly with Elaine much like he did with Anne. Well, Tom dies, who owns the account, guess what? Elaine takes all the money. You know what happens to Tom kids? Tom's kids, you know what they get, they get nothing. They get a big fat zero Tom and Ann's kids get zero. And by the way,

If you think this is crazy, this is happening all over this country, mom or dad die, mom or dad meets the new person, the Elaine or the Marty starts adding them to accounts, starts adding them to real estate. And the next thing you know, that new person owns everything and the kids get a big fat zero, but there is a happy ending because Elaine and Marty eventually get married and they take all of your stuff and your family gets a big fat goose egg. So of course be mindful of the dangers of joint ownership and realize that sometimes owning things in a living trust might be a better idea. So that's the end of our presentation. We are at about 45 minutes and that's

basically how much it ran when we were doing it live for the webinars I want to thank again the folks at Duncombe Financial for presenting this and making this possible. And you can go to [dunk home financial.com](http://dunkhomefinancial.com), just the name you see there on the screen with no space. And then all of my contact information is at the bottom of the screen. I want to thank you all again. And if you have any questions, please feel free to give my office a call or shoot us an email. Thank you so much for watching.