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September 2016 Newsletter

If You're Serious About Reducing Your Family's Estate Tax, You Better Act Soon!

By: **Attorney Phil Kavesh**



If you're married with an estate of over \$10 million, or single with an estate of over \$5 million (or your estate is likely to grow past those numbers during your lifetime), the IRS is about to eliminate a major estate tax reduction strategy - - so you may want to take advantage of it right now!

(If you have a smaller estate, skip down to the heading, "Smaller Estates May Need To Take Some Action Too!")

The "Loophole" About To Be Closed: Valuation Discounting

In the past, when people with larger estates wanted to reduce potential estate tax on their loved ones, they usually made lifetime gifts to them, either directly or through some form of trust (other than a Living Trust).

Before making these gifts, the assets to be gifted were often first placed into a legal entity, such as a Limited Liability Company (or "LLC"). Then gifts were made of minority interests in stock of the LLC. This permitted the value of the gift, for both gift and estate tax purposes, to be significantly "discounted".

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SEMINAR PREVIEW**



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monthly
e-mail newsletter. To sign up
to receive our newsletter,
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Living Trust Seminars

For the public and also for our existing clients who want to bring family or friends!

Thursday, September 8

Torrance Main Office
9:30am
990 W. 190th St., #500

[Register Here](#)

Saturday, September 10

Torrance Double Tree Hotel
9:00am
21333 Hawthorne Blvd.

[Register Here](#)

Tuesday, September 27

Torrance Main Office
9:30am
990 W. 190th St., #500

[Register Here](#)

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For example, say you own a \$5 million rental property. If you directly gift 45% of the property, the gift would be worth about \$2,250,000 (less perhaps a small "fractional interest" discount). On the other hand, if you place the property into an LLC that you control, then gift 45% of the LLC stock, based upon available "minority interest" and "lack of control" discounts the gift would only be worth about \$1,237,500. In essence, you just made over \$1 million magically disappear from the gift and estate tax system! That could save your family a minimum of \$400,000 of estate taxes (and much more if the property appreciates during your remaining lifetime, or if the gift is made into a certain special kind of trust, or if the next President and Congress raise the estate tax)!

The IRS Has Left Open a Limited Window of Opportunity

The bad news is that the IRS recently released Proposed Regulations intended to eliminate this valuation discounting for most all gifts to family members.

However, the good news is that these IRS Regulations don't become effective until they are issued as "Final", and that won't occur, at the earliest, until December 31st of this year.

So Call Us Now!

The type of discount planning we've described can take several months to properly design and implement. We are advising our clients with larger estates to schedule, as soon as possible, a phone call with us (free of charge) to see if this planning makes sense for you.

Smaller Estates May Need To Take Some Action Too!

Even if you don't have a \$5 million single estate or a \$10 million married estate, there *are* some non-estate tax issues relating to your estate plan that should be periodically reviewed. [Click here](#) to read our short brochure, "Why Should I Re-view My Living Trust?"

If you haven't been in for a free review meeting with us the past 3 years, we highly recommend you call us now to set up an appointment.

Please Don't Shoot the Messenger!

We're sorry that, from time to time, we have to inform you of important law or planning changes that may warrant revisions to your estate plan. We hope you appreciate that, as your estate planners, we take very seriously our professional duty and responsibility to keep your plan properly up-to-date!

FEATURED ARTICLE

Why Plan Your Estate?



The knowledge that we will eventually die is one of the things that seems to distinguish humans from other living beings. At the same time, no one likes to dwell on the prospect of his or her own death. But if you postpone planning for your demise until it is too late, you run the risk that your intended beneficiaries -- those you love the most -- may not receive what you would want them to receive whether due to extra administration costs, unnecessary taxes or squabbling among your heirs.

This is why estate planning is so important, no matter how small your estate may be. It allows you, while you are still living, to ensure that your property will go to the people you want, in the way you want, and when you want. It permits you to save as much as possible on taxes, court costs and attorneys' fees; and it affords the comfort that your loved ones can mourn your loss without being simultaneously burdened with unnecessary red tape and financial confusion.

All estate plans should include, at minimum, two important estate planning instruments: a durable power of attorney and a will. The first is for managing your property during your life, in case you are ever unable to do so yourself. The second is for the management and distribution of your property after death. In addition, more and more, Americans also are using revocable (or "living") trusts to avoid probate and to manage their estates both during their lives and after they're gone.

Article written by: [Elder Law Answers](#)

Long-Term Nursing Care Planning Seminar

Tuesday, September 13

Torrance Main Office
9:30am
990 W. 190th St., #500

[Register Here](#)

Saturday, September 17

Torrance Main Office
10:00am
990 W. 190th St., #500

[Register Here](#)

Thursday, September 22

Torrance Main Office
9:30am
990 W. 190th St., #500

[Register Here](#)

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QUOTE OF THE MONTH

“ You can never cross the ocean until you have the courage to lose sight of the shore. ”

Christopher Columbus

RECIPE OF THE MONTH

Grilled Pork Chops & Apple-Pear Topping

8 servings, total cooking time: 1 hour 45 minutes

Ingredients

- 1 cup light brown sugar
- 1 cup soy sauce
- 1 cup orange juice
- 1/2 cup spicy brown mustard
- 1/3 cup honey
- 2 tablespoons Worcestershire sauce
- 2 tablespoons ground black pepper
- 1 tablespoon ground cumin
- 8 pork chops, 1/2 to 1 inch thick
- 1 lime, juiced
- 1/2 cup butter
- 1 tablespoon light brown sugar, or to taste
- 2 tablespoons ground cinnamon
- 4 large green apples - peeled, cored, and cut into eighths
- 4 Bartlett pears - peeled, cored, and cut into eighths



Directions

1. In a large bowl, mix together 1 cup brown sugar, soy sauce, orange juice, brown mustard, honey, Worcestershire sauce, black pepper, and cumin until thoroughly combined and the sugar has dissolved. Place the pork chops into the marinade, and spoon marinade to cover the chops. Let stand at room temperature for 45 minutes to 1 hour.

OFFICE LOCATIONS

For your convenience, we have multiple office locations throughout Southern California.

Main Office:

Torrance Office
990 West 190th Street
Suite 500
Torrance, California 90502

Other Local Offices:

Pasadena Office
790 E. Colorado Blvd. 9th Floor
Pasadena, CA 91101

Woodland Hills Office
5850 Canoga Avenue, 4th Floor
Woodland Hills, CA 91367

Orange Office
333 City Drive West 17th Floor
Orange, CA 92868

Newport Beach Office
5000 Birch Street Suite 8000
Newport Beach CA, 92660



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2. Preheat an outdoor grill for medium-high heat, and lightly oil the grate.

3. Remove the chops from the marinade, and discard marinade. Shake any excess drops of liquid from the chops, and grill until they are browned, no longer pink inside, and show good grill marks, about 8 minutes per side. Squeeze lime juice over the chops as they grill. An instant-read meat thermometer inserted into the thickest part of a chop should read at least 145 degrees F (63 degrees C).

4. Melt butter in a large skillet over high heat, then stir in 1 tablespoon of brown sugar and cinnamon; bring the mixture to a boil, stirring to dissolve the sugar. Stir in the apple and pear slices, and cook, stirring often, until the fruit is coated with the butter mixture and softened but not mushy, about 5 minutes. Transfer the apple and pear slices to a grilling basket.

Grill the fruit on the outdoor grill until the slices are browned, about 5 more minutes. Serve grilled fruit with pork chops.

A recipe from [All Recipes](#)

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A SPECIAL “THANK YOU”

Here is a very special THANK YOU to all of our clients who have referred family and friends, or forwarded our newsletter to them! If you are part of a group or club and you would be interested in having us speak to the members on important estate planning topics of interest, please contact us at info@kaveshlaw.com.



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OR

**Contact us by phone at 1-800-756-5596
(or just ask the receptionist)**

Also, if you have any suggestions, comments or questions regarding the content of this newsletter, please contact us at 1-800-756-5596 or by e-mail at info@kaveshlaw.com.

Note: Nothing in this publication is intended or written to be used, and cannot be used by any person for the purpose of avoiding tax penalties regarding any transactions or matters addressed herein. You should always seek advice from independent tax advisors regarding the same. [See IRS Circular 230.]

CONTACT US

You may contact us to make an appointment for your initial consultation, to schedule a review of your current estate plan, or to make a referral.



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OUR WEBSITE



Learn more about important estate planning issues by visiting our website.

www.kaveshlaw.com

Also, visit our blog to keep up on the latest developments in estate planning.