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January 2017 Newsletter

What Will the Coming Trump Presidency Mean to You?

by
Philip Kavesh, Attorney

Depending upon whom you talk to (or listen to), people have widely varied reactions -- from elation, to concern and even fear -- relating to the coming presidency of Donald J. Trump.

We won't attempt to sort out such big picture issues as President Trump's impact on foreign affairs, the environment, the economy, individual rights or your general quality of life. We'll just briefly look at the new President's effect on your pocketbook, in terms of both income and estate taxes, based on his announced plans to date.

Likely Good News:

Lower Income Taxes

**VIEW LIVING TRUST
SEMINAR PREVIEW**



INSIDE THIS ISSUE

- What Will the Coming Trump Presidency Mean to You.....1-4
- Seminars.....2-3
- Office Locations.....4
- Featured Article.....5-8
- Quote of the Month.....8
- Recipe of the Month.....9
- A Special "Thank You"....10
- Subscribe NOW!.....10

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Living Trust Seminars

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

Saturday, January 14

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

[Register Here](#)

Tuesday, January 17

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

[Register Here](#)

Thursday, January 26

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

[Register Here](#)

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President Trump's tax reform plan largely matches the previous proposals of the Republican controlled Congress. So his changes have a high probability of passing into law, if only a few Democrats support them and a Senate filibuster can be avoided.

The key income tax decreases that may most dramatically affect you include:

- Lower ordinary income tax rates (12%, 25%, 33%)
- Lower top capital gains tax rate (20%)
- Elimination of the 3.8% Obamacare surtax on net investment income

Elimination of the alternative minimum tax.

Of course, the exact amount of your tax savings will depend on your individual situation.

Maybe Good News:

Repeal of the Estate Tax

This one may be a lot harder to get U.S. Senate Democrats to agree upon.

Even if the estate tax is done away with, only about 2/10 of 1% of the population will immediately benefit from it. Right now, the exemption

amounts are so high that a single person can pass along about \$5.49 million of assets estate tax-free & a married couple about \$10.98 million.

However, a permanent repeal may be good down the road for people who now have smaller estates too - because, if current law stands, those estates could grow beyond the exemption amounts or a future Democratic Congress could decide to lower the exemption amounts.

If estate tax repeal does come, it may have a hitch, though. Trump's plan recommends replacing it with a capital gains tax, on the appreciation of assets between purchase and death. Currently, such assets get a "step-up in basis", so if sold after death the capital gain is wiped out. The silver lining here is that capital gains tax may max at 20%, whereas estate tax is 40%.

Even if no estate tax reform gets through Congress, there is still other good news. For those who have larger estates and may want to do estate tax reduction planning (which we can help you with), new President Trump has said he intends to overturn recent IRS regulations that made it harder to pursue certain kinds of gifting using "valuation discounts." (I know that sounds complicated, so let's just defer further discussion until President Trump acts!)

course, this discussion is merely an informed guess until we see exactly what our new President and Congress will really do. We should have a good sense of that during the first 100 days after the inauguration, when it's expected these tax changes will be submitted to and debated by Congress.

Long-Term Nursing Care Planning Seminar

Thursday, January 12

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

[Register Here](#)

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Calendar the Following Dates!

Since we do know that, whatever the tax law changes will be, there will likely be some and they will impact many of our clients, we have already scheduled two special seminars to keep you up to date (including what you may want to do to take maximum advantage of the new laws!) Put on your calendar at March 25th and March 30th, in the morning, "New Tax Law Seminar." We'll fill you in on the details as soon as we see what transpires in Washington!

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



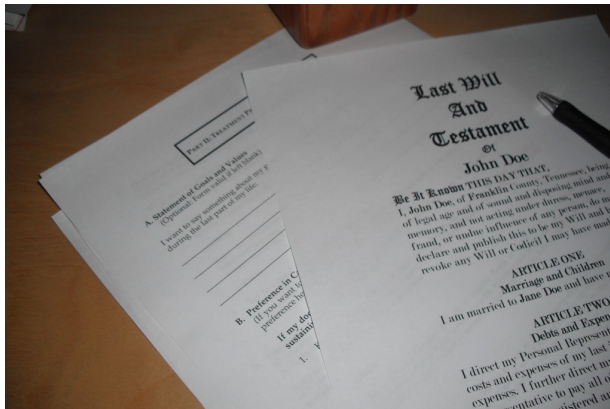
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FEATURED ARTICLE

6 Things a Last Will and Testament WON'T Do

An article from AtiEstatePlanning.com, published September 15, 2016

Written by Stephanie Anderson



If you have made the decision that the time is now to protect yourself and your family by creating your estate plan, that's great! Now it's time to decide if you will use a Last Will and Testament or a Trust to protect your family. When deciding which estate planning tool to use, it's important to know what a Last Will and Testament won't do.

1.) A Last Will and Testament Won't Avoid Probate: A Last Will and Testament will not avoid the court process called probate. Unfortunately, distributing your assets upon your death is not as simple as reading your Will in a lawyer's office like you see in movies or television shows. Once you pass away, your Will must be filed with the appropriate probate court with a petition to probate your Will. It is the probate court that will make sure that your Last Will and Testament is valid, giving interested parties an

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opportunity to object to your Will. Once the court determines that your Last Will and Testament is valid, the court will appoint your executor. Once appointed, your executor can begin marshaling your assets and giving notice to your creditors so they can submit claims for payment. Once creditors are paid, and if there are assets left in your estate, your executor can begin making distributions to your beneficiaries. As you may already know, the court system can be unpredictable, and this process can take several months to complete, or even longer if someone decides to contest your will.

2.) A Last Will and Testament Won't Avoid the Need for Probate in Another State: If you own property in another state, those assets would also need to be probated in the appropriate court in that state. This is often referred to as ancillary probate. Not only will we will need to deal with the time consuming process in your home state, but we would need to go through this process in every state you owned property to distribute that property to your named beneficiaries. It may be necessary for your family to hire an attorney in the other state to help them with the probate process. One way to avoid this is to establish a Revocable Living Trust and transfer all of your property to the trust. This would not only avoid probate in your home state, but also any other state where you owned property.

3.) A Last Will and Testament Won't Keep Your Assets & Beneficiaries Private: Because a Last Will and Testament must be submitted to the Probate Court prior to your executor being appointed, your Last Will and Testament, including information about your assets and beneficiaries, will

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be public knowledge. Remember, probate is a public process so that creditors can be notified of the proceedings and to allow other interested parties to contest your will. If the idea of having information available to the public about your beneficiaries and assets concerns you, you want to plan in a way that avoids the probate process.

4.) A Last Will and Testament Won't Protect You if You Become Incapacitated: Since a Last Will and Testament only goes into effect after you pass away, it won't guide us on who will be in control of your assets if you become incapacitated or incompetent. You will need a Durable Power of Attorney in case you are unable to manage your own financial and legal affairs and an Advance Directive of Health Care if you are unable to communicate your end-of-life decisions. One of the benefits of a Revocable Living Trust is that it will give guidance on what you want to happen in the case of incapacity **AND** death. A Revocable Living Trust will define what disability means to you and will let us know what conditions must be met for a successor Trustee to step in and manage the trust assets on your behalf if you are unable to do so due to incapacity or incompetency.

5.) A Last Will and Testament Won't Protect Your Assets: If you are looking for asset protection, a Last Will and Testament won't help you. While it's possible to pass down asset protection to your beneficiaries through a Last Will and Testament by creating a testamentary trust (the trust is not created until your Last Will and Testament is probated), you still own your assets outright, making them available to your creditors and other potential threats to your estate. If you are concerned about law-

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suits, you will want to make sure your assets are transferred to the right type of trust to protect your assets while you are alive.

6.) A Last Will and Testament Won't Help You if You Need Long-Term

Care: A Last Will and Testament only tells us who will be in charge of your estate and who will receive your assets after you pass away. But what happens to your assets if you need long-term care? One potential threat that most people don't consider is the cost of care. According to the U.S. Department of Health and Human Services, approximately 70% of Americans will need some type of long-term care prior to passing away. It is important to plan for how you will pay for this type of care before there is a crisis, but a Last Will and Testament will not help you qualify for the Federal benefits you might be eligible for if you need care.

QUOTE OF THE MONTH

“ *Every man should be born again on the first day of January. Start with a fresh page.* ”

Henry Ward Beecher

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RECIPE OF THE MONTH

Eggnog Cheesecake

16 servings, total cooking time: 1 hour and 25 minutes

Ingredients

- 1 cup graham cracker crumbs
- 2 tablespoons white sugar
- 3 tablespoons melted butter
- 3 (8 ounce) packages cream cheese, softened
- 1 cup white sugar
- 3 tablespoons all-purpose flour
- 3/4 cup eggnog
- 2 eggs
- 2 tablespoons rum
- 1 pinch ground nutmeg



Directions

1. Preheat oven to 325 degrees F (165 degrees C).
2. In a medium bowl combine graham cracker crumbs, 2 tablespoons sugar and butter. Press into the bottom of a 9 inch spring form pan.
3. Bake in preheated oven for 10 minutes. Place on a wire rack to cool.
4. Preheat oven to 425 degrees F (220 degrees C).
5. In a food processor combine cream cheese, 1 cup sugar, flour and eggnog; process until smooth. Blend in eggs, rum and nutmeg. Pour mixture into cooled crust.
6. Bake in preheated oven for 10 minutes.

Reduce heat to 250 and bake for 45 minutes, or until center of cake is barely firm to the touch. Remove from the oven and immediately loosen cake from rim. Let cake cool completely before removing the rim.

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