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**June 2017  
Edition**

# Costly IRA Mistakes You Want to Avoid

By

**Attorney, Philip Kavesh**

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The lead article of our newsletter often involves a personal story of interest by one of our attorneys or staff. However, this month we feel compelled to address a more serious issue, one that we see adversely affecting our clients and their loved ones on almost a daily basis - - costly IRA mistakes.

## Living Trust Seminar

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

**Thursday,  
June 1**

Torrance Marriott Hotel  
9:30 - 11:30 am  
3635 Fashion Way

**REGISTER**

**Saturday,  
June 3**

Torrance DoubleTree Hotel  
9:00 - 11:30 am  
21333 Hawthorne Blvd.

**REGISTER**

**Wednesday,  
June 14**

Torrance Marriott Hotel  
6:30 - 8:30 pm  
3635 Fashion Way

**REGISTER**

**Tuesday,  
June 27**

Torrance Main Office  
9:30 - 11:30 am



Although we, of course, do our best to properly integrate your IRA with your overall estate plan, we continually find IRA mistakes being made that are outside the scope of what we do and control as your estate planners.

Here are just a few of the kinds of mistakes we are spotting (check if any of these apply to you):

- You pay more taxes on your IRA distributions than necessary because you're not aware of the available offsetting tax deductions
- You haven't been shown how to reduce or even eliminate your taxable required minimum distributions (that you must

990 West 190th Street  
Suite 500

**REGISTER** 

## Office Locations

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

### **Main Office:**

#### **Torrance Office**

990 W. 190th St.  
Suite 500  
Torrance, CA 90502

### **Other Local Offices:**

#### **Pasadena Office**

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

#### **Woodland Hills Office**

5850 Canoga Ave.  
4th Floor  
Woodland Hills, CA 91367

#### **Orange Office**

333 City Drive West  
17th Floor  
Orange, CA 92868

#### **Newport Beach Office**

5000 Birch St.  
Suite 8000  
Newport Beach, CA 92660

## 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.**



**1-800-756-5596  
[www.kaveshlaw.com](http://www.kaveshlaw.com)  
[info@kaveshlaw.com](mailto:info@kaveshlaw.com)**

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take after reaching age 70 ½)

- You don't realize what your beneficiaries will really do with your IRAs after you pass away (most likely they'll cash them out quickly, which may jeopardize their own retirement; this is why you may consider getting our IRA Inheritance Trust®)
- You don't know exactly which beneficiaries your IRA custodian shows on its records (and if the beneficiaries are incorrect, your IRA may pass differently than intended under your estate plan!)

We don't have the space here to cover in detail all the IRA mistakes we frequently see, but we can offer you some immediate help to at least avoid the above biggest mistakes.

If you have IRAs that total in excess of \$100,000 (including your spouse's and any amounts you may roll over someday from a 401 (k) or other employer plan), give us a call and request a free consultation with one of our affiliated financial advisors at Pence Wealth Management (at our Torrance office).

We want to be sure you take proper care of your IRAs!

## Reverse Mortgages Can Pose Problems for Heirs

Reverse mortgages can be a big help to seniors needing extra cash, but they can become a nightmare for their heirs. Heirs who don't know their rights may be faced with large bills or threats of losing the house. Fortunately, there are some protections for heirs.

Reverse mortgages allow homeowners who are at least 62 years of age to borrow money on their house. The homeowner receives a sum of money from the lender, based largely on the value of the house, the age of the borrower, and current interest rates. The loan does not need to be paid back until the last surviving homeowner dies, sells the house, or permanently moves out.

When the homeowner dies, the house passes to the homeowner's heirs, and the heirs have the following options:

- Pay off the loan
- Buy the house from the lender at 95 percent of its value
- Sell the house and use the proceeds to pay off the loan

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

[blog.kaveshlaw.com](http://blog.kaveshlaw.com)

- Deed the house to the lender
- Do nothing and let the lender foreclose

If the value of the house is less than the amount of the loan, the bank cannot go after the estate or the heirs for the remainder of the money. If the value of the house exceeds the loan, heirs can sell the house, pay off the loan, and keep the remaining amount. The heirs have 30 days to decide what they want to do with the house and up to six months to arrange financing. Unfortunately, according to [The New York Times](#), many lenders aren't notifying heirs about their rights and are instead immediately beginning foreclosure proceedings or bogging heirs down in paperwork. Many heirs aren't aware that if they want to keep the house, they can either pay off the loan or buy the house for 95 percent of the appraised value. This can be very beneficial to the heir if the value of the house has gone down significantly since the loan was purchased.

To read the New York Times article, [click here](#).

For the Consumer Financial Protection Bureau's advisory "Three Steps You Should Take If You Have a Reverse Mortgage," [click here](#).

For more information about reverse mortgages, [click here](#).

Article Source : [ElderLawAnswers.com](http://ElderLawAnswers.com)

## Recipe of the Month

### Crepe Brulee

*Prep Time: 10m - Cook Time: 30m - Ready In 2h 40m  
5 Servings*



#### Ingredients

- 6 egg yolks
- 6 tablespoons white sugar, divided
- 1/2 teaspoon vanilla extract
- 2 1/2 cups heavy cream
- 2 tablespoons brown sugar

## Directions

1. Preheat oven to 300 degrees F (150 degrees C).
2. Beat egg yolks, 4 tablespoons white sugar and vanilla extract in a mixing bowl until thick and creamy.
3. Pour cream into a saucepan and stir over low heat until it almost comes to boil. Remove the cream from heat immediately. Stir cream into the egg yolk mixture; beat until combined.
4. Pour cream mixture into the top pan of a double boiler. Stir over simmering water until mixture lightly coats the back of a spoon, about 3 minutes. Remove mixture from heat immediately and pour into a shallow heat-proof dish.
5. Bake in preheated oven for 30 minutes. Remove from oven and cool to room temperature. Refrigerate for at least 1 hour or overnight.
6. Preheat oven to broil.
7. In a small bowl combine remaining 2 tablespoons white sugar and brown sugar. Sift this mixture evenly over custard. Place dish under broiler until sugar melts, about 2 minutes. Watch carefully so as not to burn.
8. Remove from heat and allow to cool. Refrigerate until custard is set again.

A recipe from [Allrecipes.com](http://Allrecipes.com)

## 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](mailto:info@kaveshlaw.com).

## Quote of the Month (for Father's Day!)

***“ Being a great father is like shaving. No matter how good you shaved today, you have to do it again tomorrow. ”***

**Reed Markham**

Law Firm of Kavesh, Minor & Otis, 990 W. 190th Street, Suite 500, Torrance, CA 90502

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