PRESTON ESTATE PLANNING
A PROFESSIONAL LAW CORPORATION

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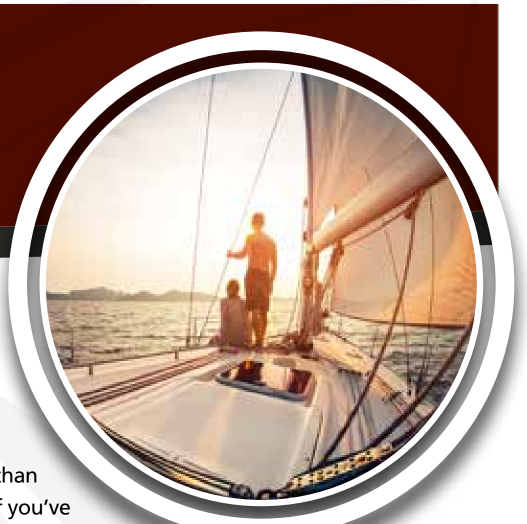
# Inside



# Set Sail for Vacation

## Take Your Next Trip Offshore



If you're lucky enough to have been aboard a ship under full sail, chances are you know the thrill and serenity sailing can give you. If you've never been but have always wanted to know what it's like to get out on the wind and waves, there are many great options available for beginners. Here are some ideas to inspire your next waterside vacation.

### Start Small

For those who dream of becoming a skipper one day, a great way to start is by sailing dinghies. These one-sail, beach-launch boats fit 1–2 people and can be rented at most water sports shops. If you want to make it a family experience, shops usually have 16-foot catamarans for rent as well. Catamarans have two hulls rather than one, making for a smoother, more spacious ride.

If you've never sailed before, inquire about lessons. Most rental operations have instructors on hand who can show you the ropes. The great thing about sailing is that whether you're in a 12-foot dinghy or a 60-foot sloop, the same basic principles, rules, and skills apply.

### Take a Day Sail

Many day-sail charters exist for those who want to go out a little farther than a dinghy would permit. If you've captained a boat and are familiar with the waters, you can apply for a bareboat charter. However, if you are inexperienced or simply don't want a local guide at the helm, signing up for a day trip with a skipper and crew is a great option.

### Do a Full Charter

Short of owning your own vessel, chartering a boat for multiple nights is the closest you can get to living out your nautical dreams. Some of the most beautiful destinations on earth — from the Caribbean Sea to the Mediterranean — are best experienced from the deck of a sailboat. Letting the sea guide you to amazing snorkeling destinations, remote cays, and bustling harbors is the stuff of real adventure.



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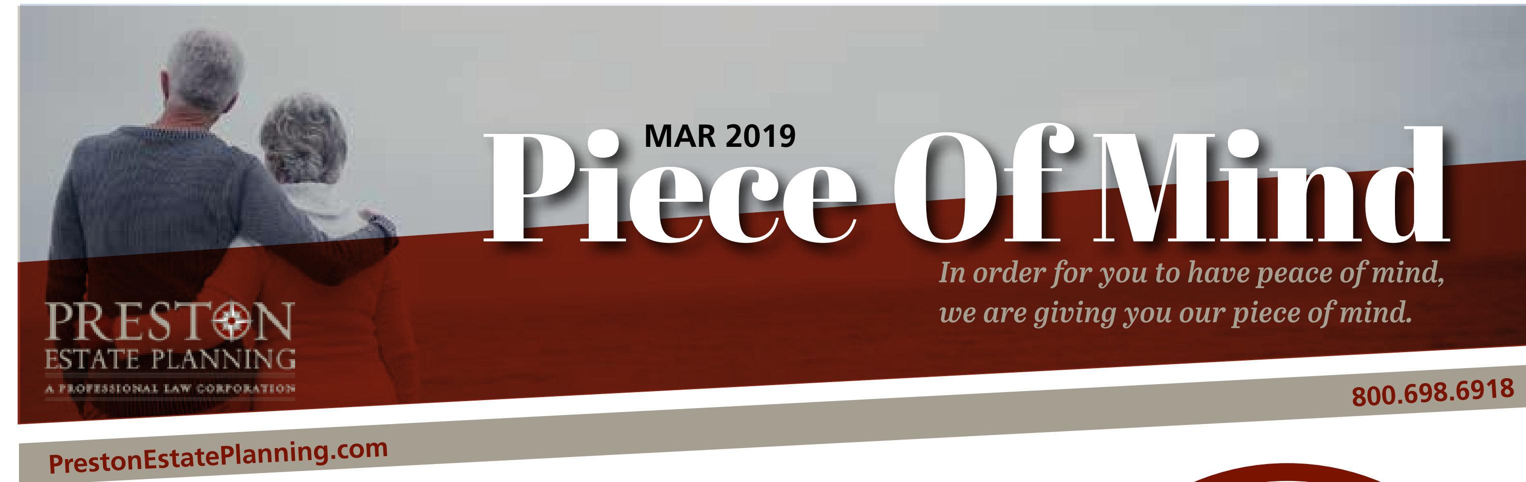


# Sisterly Advice

## Creating Estate Plans We'd Trust for Our Own Families

In 1979, after graduating from law school, I began my career at Security National Bank. I spent the first two years of my career working in the bank's trust department, poring over old estate plans. I was gauging how the plans worked and dove into the expertise and knowledge of the more than 150 attorneys who had drafted these plans.

When I left the bank two years later, I did so with more experience than many of my colleagues. Unfortunately, all the experience in the world couldn't make up for one glaring problem: I had never actually drafted a document before.

> **"Wouldn't you want a financial planner or an estate lawyer treating your money, assets, and plans the same way they would personally treat their own?"**

So, I called my sister.

I said, "Peggy, I have a problem." I went on to explain to her that working in the bank's trust department for the past two years had given me more experience than most lawyers, but I still needed someone to be my first client. I wanted to prove that I could apply my expertise to estate planning and drafting documents, and I needed someone who was willing to be my first client. I asked Peggy if she and her husband, Tony, would be willing to do that for me.

They happily agreed and made the trek from Orange County to San Diego. In anticipation of our meeting, I prepared an hour and a half presentation detailing my experience and knowledge. I thought it was the perfect way to explain what they could expect and why I was a valuable choice to help them with their estate plan.

About five minutes into the presentation, I noticed Tony was sitting patiently, taking everything in I was saying. Peggy, meanwhile, was not; instead, she jumped the gun. Peggy reached over to me, grabbed my hand, and said, "Johnny, when you plan our estate, would you plan it the same way you have planned your estate for your family?"

Caught off guard, I said, "Of course I would."

And then she said, "Then I don't need to hear anything else you're going to say. Let's go to lunch."

I was completely flabbergasted. I had spent time detailing a resume of qualifications that I was fully prepared to unleash on my sister and her husband, but instead, she didn't care to hear any of it. All she wanted to know was that the same level of care and dedication I put into my estate plan was going into theirs.

I have reflected on this moment numerous times. Because of my sister's impatience, I was given a mission statement for Preston Estate Planning. Think of this like your financial advisor who puts their money in the same investments they put your money into: Wouldn't you want a financial advisor or an estate lawyer treating your money, assets, and plans the same way they would personally treat their own? That's been our goal at Preston Estate Planning ever since that day.

And in case you were wondering, I didn't argue with my sister. I put away their file, we went to lunch, and their estate plan was created just like the one I created for my family.

*–John M. Preston*

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# Donate With Care

## The Right Way to Donate After Spring-Cleaning

Spring is in the air, and it's time to celebrate with another round of spring-cleaning. Banish the clutter and make room in your life for something new! Many charities see a sharp increase in donations as spring-cleaning season starts. Donating your used books, kids' toys, and gently worn clothing allows your old items to have a second life. However, when filling that donation box, make sure you're donating each item because it can do good and not just because you feel bad about throwing it away.

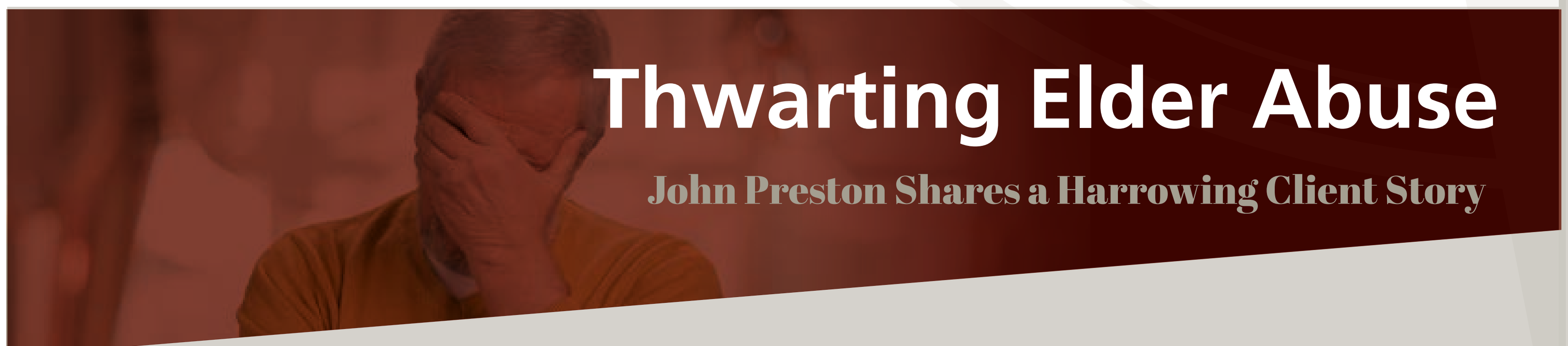
Charities have a big problem with well-meaning citizens dropping off items that are better left in the trash. There are many items charities simply cannot handle. Most charities will have lists of items they can and cannot accept on their websites. Some items that you should not donate include:

- Expired medications
- Old TVs
- Cribs
- Loose remote controls
- Personal care items, like soap, shampoo, or makeup
- Mattresses
- Carpets
- Tangled cords or phone chargers
- Any broken, damaged, or dirty items

These items may be unsafe to sell, costly to ship, or impossible to refurbish effectively. When a charity regularly receives items they cannot use, they have to spend hours of manpower sorting through things that end up in the trash anyway. This process can be expensive for organizations with already-strained resources. Some local charities spend over $1,000 a year on dumpster and trash removal fees for unusable donations.

While charities will have no choice but to throw unusable donations in the trash, there are services you can use to make your spring-cleaning eco-friendly, even for items you can't donate. For example, if you have torn or stained blue jeans, reach out to Blue Jeans Go Green. This program keeps denim out of landfills by turning it into insulation. And while Goodwill can't take your batteries or old flip phone, you can check out Call2Recycle.org to learn how to safely recycle your e-waste.

Your donations can be a big help to local charities. Just don't "donate" your garbage.



# Thwarting Elder Abuse

### John Preston Shares a Harrowing Client Story

Taking advantage of aging citizens is becoming more prevalent in our society these days. However, by safeguarding our clients with the proper trust documents, these terrible situations are avoidable. Unfortunately, we recently had our own brush with this form of elder abuse with one of our clients.

Scammers know exactly where they can obtain information to use to scam others. For instance, if I were to ask a bank for personal information about some of their elderly customers with the intent of scamming them, I would be denied access, and the police may — and should — be called. However, if I were to go to my county recorder's office and ask for the names of all the single owners of real property, they would give me that information because this is a public record. They would not even ask me why I wanted the information. I have every right to access this public information, even as a "shyster."

This is exactly what happened to one of our clients. His daughter is a silent partner co-trustee on her father's trust, a provision we add to trusts that appoints a co-trustee to serve with someone who otherwise might be serving alone. The daughter notified our office and explained that she had received a phone call informing her that her father was selling his house, and because she was a silent partner co-trustee, her signature was needed on the sale of her father's property. The daughter was surprised and confused because she was unaware that the house was on the market to begin with; furthermore, if the house were to be sold, her father and sibling would have no place to live.

We suspected that her father was being swindled, and we assured her that because she was the co-trustee on her father's trust, the sale of the home would not go through without her signature.

Turned out our assumptions were right.

Upon meeting with her dad, the daughter discovered that the alleged real estate agent was trying to take advantage of the older man by attempting to buy the house for less than market value.

Luckily, this story has a happy ending. Because the daughter had been named as silent partner co-trustee, she was able to stop the sale of the home.

You deserve peace of mind from fraud, and that's why we create these safety nets for you and your family. We never want you scammed out of your assets. Learn more about preventing and stopping elder abuse at **NIA.NIH.gov**.

# Estate Planning University

## Understanding the Estate Tax and Capital Gains

One of the goals of an estate plan is to avoid unnecessary taxes, whether the source of that tax is income tax or estate tax. During your life, you have acquired assets that likely have appreciated in value. When you sell one of these assets, you trigger a capital gain, which is a form of income tax. The IRS allows you to transfer appreciated assets at death, forgiving the capital gain. In other words, the capital gain you would have incurred if you sold the asset while you are alive is alleviated if sold after you pass away. This is because the purchase price is no longer the basis for calculating the capital gain. The basis for the asset becomes the value as of the date of your death.

For example, let's say you purchased an asset for $100,000, and now it is worth $500,000. If you sell it while you're alive, you will need to report a capital gain of $400,000. However, if you don't sell the asset and it's in your estate when you pass away, the purchase price of $100,000 — or the basis — is "stepped up" to the date of death value of $500,000. If the asset is then sold, the $400,000 capital gain that would have occurred during your life is eliminated.

However, there is a catch! If you have a typical "AB" trust, your beneficiaries will not receive a complete step up, and they will inherit the capital gain problem. So, why would anybody want an AB trust? Because an AB reduces or avoids the estate tax liability.

The question, then, is should you include an AB provision in your trust with its estate tax protection features, or should you remove the AB provision and give your beneficiaries the income tax benefits of avoiding capital gains?

This is a difficult question to answer because it depends on the variables at the death of the first spouse. For example, what is the size of the estate? What are the capital gain consequences? What is the estate tax exemption?

Fortunately, there is a little-known provision that can be included in your trust that can reduce the estate tax liability but gives the trustee the option to avoid the income tax capital gains if estate taxes are not the issue.

The advantage of having this provision in your trust is obvious. You are not required to make a decision without access to all the facts. When you make a decision without all the facts, it's called a bet. If you make a decision after the death of the first spouse when you have all the facts, it's called being smart. It's like betting on the winning horse after the race is over, the winner has been declared, and getting a free drink afterward.

If you were wondering if you have this provision in your trust, you do! We include it in every married client's joint trust.

# Sudoku

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Solution on pg. 4

## Homemade Corned Beef

*Inspired by Food Network*

### Ingredients

- 2 quarts water
- 1 cup kosher salt
- 1/2 cup brown sugar
- 2 tablespoons saltpeter (potassium nitrate)
- 1 cinnamon stick, broken into large pieces
- 1 teaspoon mustard seeds
- 1 teaspoon whole black peppercorns
- 8 cloves garlic
- 8 whole allspice berries
- 12 whole juniper berries
- 2 bay leaves, crumbled
- 1/2 teaspoon ground ginger
- 2 pounds ice
- 1 5-pound beef brisket, trimmed
- 1 small onion, quartered
- 1 large carrot, coarsely chopped
- 1 stalk celery, coarsely chopped

### Directions

1. In a large stockpot, combine water, garlic, and all herbs and spices to make brine. Cook over high heat until salt and sugar are fully dissolved. Remove from heat and stir in ice.
2. Once water temp reaches 45 F, place brisket in a 2-gallon zip-close bag, pour in brine to cover, lay flat in a large container, and store in fridge.
3. Brine for 10 days, checking daily to make sure brisket is fully submerged and brine is stirred.
4. After 10 days, remove brisket from brine and rinse under cool water. In a large pot, cover brisket, onion, carrot, and celery with water. Bring to a boil, then reduce heat to low and gently simmer for 2 1/2–3 hours.
5. Remove, slice across the grain, and serve.