

8	3	6	2	4	9	1	5	7
7	4	2	3	5	1	8	6	9
9	1	5	6	8	7	2	4	3
1	2	8	4	7	3	6	9	5
3	6	9	5	1	2	4	7	8
4	5	7	8	9	6	3	1	2
2	9	4	1	3	5	7	8	6
5	8	3	7	6	4	9	2	1
6	7	1	9	2	8	5	3	4

PrestonEstatePlanning.com

12396 World Trade Drive, Ste 301
San Diego, CA 92128

800.698.6918

PRST STD
US POSTAGE
PAID
BOISE, ID
PERMIT 411

Inside

- 1 Meet Don Zoellner
- 2 How These Clients Avoided Court
- 3 How Proposition 58 Helps Your Family
Opening Day Hamburgers
- 4 3 Travel Myths Debunked

Paris on a Budget?

3 Travel Myths You Should Stop Believing

Traveling has many social and educational benefits, but some people have hesitations that prevent them from jetting off on new adventures. Below are three debunked travel myths to give you some ease as you plan your summer vacation!

Myth: Vacations are expensive.

Fact: You can travel anywhere on a budget. Tracking flights to score the best deal, setting spending limits, and packing meals are a few ways to save money. Hostels and Airbnbs are great alternatives to spendy hotel stays. Additionally, you don't have to cross the country to have a great trip. Every state has museums, unique roadside attractions, historical sites, and a booming nightlife. When you know your price limits and what you want to do, traveling can be a fun *and* inexpensive venture.

Myth: Traveling is dangerous.

Fact: If you're smart about what you do and where you go, traveling can be safe. Go with your gut and only stay somewhere that is approved by travel guides. Visit places you feel comfortable in, and do your research by reading travel blogs, websites, and books to find places that have been vetted by others. Traveling in groups can also be a great way to lower your

risk of danger. As long as you plan ahead, you will have a safe trip.

Myth: Jet lag is caused by a lack of sleep.

Fact: While jet lag can make you sleepy, it's actually caused by a disruption in your circadian rhythm. Our bodies are cyclical, and the circadian rhythm is set by both a natural need for your body to reset and outside forces, such as your job, time zone, and diet. Travel can disrupt this rhythm and routine, which leaves you lethargic during and after your vacation. Sticking to water before and during your flights and staying physically active during and after traveling are great ways to fight jet lag and get back into your normal rhythm.

Don't let these travel myths keep you from seeing the world. Set a budget, go with your gut, and prepare for a shifting rhythm to make your next adventure the best one yet.





APR 2019

Piece Of Mind

*In order for you to have peace of mind,
we are giving you our piece of mind.*

800.698.6918

PrestonEstatePlanning.com

Testing Parachutes

Don Zoellner Shares His Expertise of Putting Estate Plans Into Action

As John Preston says in his workshops, estate plans are a lot like parachutes. You have to jump in order to test a parachute, but testing an estate plan requires you to pass away.

My job at Preston Estate Planning involves testing parachutes. I'm the attorney at our firm who supervises the estate settlement department, which means that we help the clients' estate plans come to fruition after they die for the benefit of the loved ones left behind. It provides a sense of pride to see the family reap the benefit of the plan as it was intended.

I first worked with John in 1998, when I began, on a part-time basis, speaking to clients who did not have trusts during the evening hours. At that time, I had my own estate planning and probate practice. I responded to an advertisement seeking an experienced estate lawyer

"... A successful estate plan is a parachute designed to help your loved ones land safely after you pass away."

for a part-time employment. A few days after an interview with John, I began working with the firm in addition to my personal practice. Mondays through Thursdays, I would work a full day at my office, and beginning at 6 p.m., I would contact people who requested appointments by telephone.

In October 1999, John offered me a full-time job at the firm, and I closed my practice and joined the firm on a full-time basis. When his son, JM, joined the firm a number of years ago, I was asked to supervise the estate settlement department for Preston Estate Planning. Now my days are spent guiding clients and their families through the settlement process; assisting with the distribution of assets, the transfer of real estate, the preparation of estate tax returns, and the allocation of assets into sub-trusts upon the death of a spouse; and providing advice to clients in connection with the settlement process. When we can't avoid probate, I represent clients throughout the state of California in court probate proceedings.

I've been with Preston Estate Planning long enough to know that a successful estate plan is a parachute designed to help your loved ones land safely after you pass away. At Preston Estate Planning, we provide our clients with the peace of mind to know that their estate plan will work. I see that success daily.

-Don Zoellner



Mistaken Fraud

Don Zoellner Shares How He Helped Clients Avoid Court

Since a surviving spouse may elect a tax-free rollover of a deceased spouse's retirement account, it is common for one spouse to designate the other as the beneficiary of an individual retirement account (IRA). Unfortunately, this can often result in a problem if the surviving spouse fails to update the beneficiary designation on his or her now-combined retirement account. As the following story shows, it's vital that you make adjustments after the first spouse dies.

Recently, husband-and-wife clients of Preston Estate Planning died within a few months of each other. Upon the death of his wife, the surviving husband exercised his right to roll over her IRA into his IRA. As a result of this rollover, the retirement account was now over \$1 million. As his two daughters helped him with the settlement of their mother's affairs, they learned that their deceased mother was still designated as the beneficiary of their father's retirement account with no contingent beneficiary listed. The retirement account was held by an online investment firm, which allowed beneficiary changes by completing simple forms online. When they told their father that his deceased wife was named as beneficiary, he asked that his daughters change the beneficiary to the living trust established by him and his now-deceased wife, without consulting our office. With his permission, one of the daughters completed and submitted the change form on their father's computer. The online investment firm accepted and acknowledged this change.

When the family subsequently consulted our office, we advised them that naming the two daughters directly as beneficiaries of the IRA was a better idea, as it would allow the daughters to stretch out the income-tax consequences over the lifetimes of the daughters, something their trust could not do. As a result of that advice, the father asked his daughters to complete and submit another change form, which designated the two daughters as the primary beneficiaries.

Once again, the daughters complied with their father's request. However, this time, the daughter made the change using her own computer rather than her father's computer. Shortly after making the change, their father died.

Following the death of their father, the daughters set up separate "stretch IRA" accounts with the online investment firm to take advantage of the favorable income tax benefits. However, after investigating the beneficiary change which took place, the online firm discovered the last beneficiary change came from the daughter's computer instead of the father's. Fearing there may be fraud, the investment firm disallowed the beneficiary designation. The company then took the position that since the suspect change revoked the prior designation, the account had no beneficiary, and therefore the IRA was payable to their father's estate.

The company's decision meant the \$1 million would have to go through probate at a cost of approximately \$24,000 to the daughters. Moreover, because the retirement proceeds would be payable to the estate, the entire amount would be immediately subject to income tax. After coming to our office for help, we filed a Heggstad Petition on their behalf. The petition asked the court to deem the retirement account and its proceeds as an asset of the trust. The court agreed, and the daughters avoided costly and time-consuming probate proceedings. We also arranged for the retirement proceeds to take advantage of a provision in the trust which would allow the proceeds to funnel through to the daughters over the lifetime of the eldest daughter.

I am thankful we were able to help this family avoid a costly probate proceeding and immediate income taxes, but their story is an example of how proceeding without consulting our office could lead to significant consequences.

Estate Plan Declaration

Preston University

Will My Property Taxes Change When My Parents Leave Me Their Home?

In California, it's not uncommon for neighbors to pay vastly different property taxes. Depending upon when a person acquires a parcel of real estate, one homeowner may pay \$8,000 or more annually in property taxes for a property worth \$800,000 when his or her next-door neighbor owning an identical home may only pay \$2,000 annually in property taxes.

This disparity in the amount Californians pay in property taxes stems from Proposition 13, which sets the base amount of property taxes for a parcel of real estate at 1 percent of its fair market value when that property is acquired. The county assessor is not allowed to reassess the property annually. Instead, the property taxes are allowed to increase slightly each year. No dramatic increase is allowed until there is a change of ownership in the real estate. When a change of ownership occurs, the county assessor is then allowed by Proposition 13 to reassess the property so the property tax base annually is equal to 1 percent of the current fair market value of the property at the time of the transfer.

Is the transfer of your home after you die considered a change in ownership, which will allow the county assessor to reassess the property tax for the home? The answer is yes!

Fortunately, there are a few exceptions to that rule. One of the most important exceptions to reassessment is found in Proposition 58, a statewide proposition which was passed by California voters a few years after Proposition 13. Pursuant to Proposition 58, a transfer between a parent and a child, either during the parent's lifetime or following the parent's death, is excluded from property tax reassessment.

But there are limits to this exclusion. It applies to the transfer of the parent's residence and to real estate other than the residence, so long as the combined assessed value of the real estate other than the parent's residence is \$1 million or less. The exclusion is not automatic. A written claim form must be filed with the county assessor for the county in which the property is located within three years of the transfer date. This means that the claim form must be filed within three years of death for the inherited real estate. This exception to property tax reassessment also applies for transfers of real estate from a child to his or her parent.

In future editions of the newsletter, we will share how a home may be inherited by one of several children beneficiaries without triggering a sibling-to-sibling partial property tax reassessment.



Sudoku

8			4	9			
	1		5				
		8	7	3			5
		9		2			
4		7		6			
2							
			6		9		1
6	7				5		4

Solution on pg. 4

Opening Day Hamburgers

Inspired by Saveur Magazine



With no fancy sauces, no frills, and no cheese, these all-American burgers are perfect for the start of baseball season.

Ingredients

- 1 pound ground chuck, 80 percent lean
- 4 soft, white hamburger buns, split
- 4 1/4-inch-thick tomato slices
- 12–16 pickle rounds
- 4 small leaves iceberg lettuce
- 4 1/4-inch-thick yellow onion slices
- 1 teaspoon vegetable oil
- Salt and pepper, to taste
- Condiments of your choice

Directions

1. Lightly grease a small nonstick skillet with oil. Heat over medium-high.
2. While heating, gently shape meat into four patties 3 1/2 inches in diameter. Be careful to handle the meat as little as possible to prevent tough burgers. Season liberally with salt and pepper.
3. Sear patties on each side, about 1 minute per side. Reduce heat to medium-low and continue cooking until desired doneness, about 1 more minute per side for medium-rare, 2 more per side for medium-well.
4. Let meat rest for a minimum of 3 minutes.
5. To assemble, place patty on bottom bun and top with tomato, pickles, lettuce, and onion (in that order). Spread condiments on top half of bun and place on top of onion. Serve.