

# ESSENTIAL WILLS AND TRUSTS

Prepared By:

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**MEET: SHEILA-MARIE  
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**Certified Specialist**

Recognized by the California Board of Legal Specialization in Estate Planning, Trust & Probate Law, complemented by an LLM in Taxation.

**Veteran Advocate**

VA Accredited Attorney who founded the Pro Bono Estate Clinic at the Veterans Legal Institute to support those who served our country.

**Frequent Educator**

Active speaker and published author in American Bar Association national magazines, dedicated to 'Planning for Life... with your LOVE!'

# Agenda

01 The Probate Trap

02 Wills vs. Trusts

03 The Big Four Roles

04 Protecting Your Home

05 Legacy Planning

06 Next Steps

# Probate: A Lawsuit You File Against Yourself



## Public Record

Your private finances and family secrets become viewable by anyone, attracting potential treasure hunters and scammers to your estate assets.

## Lost Time

A typical California probate process can take 12 to 24 months to resolve, leaving your surviving family in a state of financial limbo.

## Court Control

Rather than your family making decisions, a court judge takes control and makes the final rulings on how your entire legacy is handled.

## Financial Impact Analysis

# The High Cost of Doing Nothing: Understanding California Statutory Probate Fees and Mandatory Court Requirements

**26K**

**Probate Fee (\$500K)**

Attorney & Executor  
fees

**46K**

**Probate Fee (\$1M)**

Attorney & Executor  
fees

**66K**

**Probate Fee (\$2M)**

Attorney & Executor  
fees

**184K**

**Probate Threshold**

Mandatory probate  
trigger



# Will vs. Trust: Which Estate Planning Path is Better?

Feature	Will-Based Plan	Trust-Based Plan
Effective Date	Only at death	Immediately
Privacy	Public Record	Private
Probate	Required	Avoids Entirely
Incapacity	No Protection	Manages Assets
Real Estate	Court Delays	Seamless

# Revocable Living Trust Tools

The Revocable Living Trust (RLT) serves as the foundation of a modern estate plan, acting as a bucket for your assets that transitions seamlessly to your loved ones after you pass away, while maintaining complete control during your lifetime.



## **Retain Full Control**

You remain the Trustee and Beneficiary while healthy, ensuring your daily life continues without any immediate changes or disruption.

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## **Incapacity Protection**

If you become ill, your Successor Trustee steps in to manage your bills and care needs, avoiding the need for a court-ordered conservatorship.

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## **Flexible & Amendable**

As your life circumstances or laws evolve, such as the upcoming 2025 tax sunset, you can easily update your trust to maintain current accuracy.

# Utilizing Irrevocable Trusts to Address Unique Family Goals

Tailored trust solutions to protect beneficiaries, support your children, and optimize tax outcomes.



## Special Needs Trust

Designed to protect a disabled loved one's inheritance while ensuring they maintain full eligibility for vital government assistance programs like Supplemental Security Income and Medi-Cal coverage.



## Family Pot Trust

Keeps family assets pooled together for the benefit of minor children until they reach a specific age, ensuring equitable financial support for the youngest child alongside the eldest siblings.



## Qualified Domestic Trust

A critical estate planning strategy for couples where one spouse is not a U.S. citizen, structured specifically to defer or avoid the immediate estate taxes typically owed upon first death.



## Irrevocable Tax Trusts

Advanced planning vehicles used to lock in current high federal estate tax exemption amounts for beneficiaries before the scheduled 2025 sunset period causes these allowances to decrease significantly.

# Utilizing Irrevocable Trusts to Address Unique Family Goals

Tailored trust solutions to protect beneficiaries, support your children, and optimize tax outcomes.



## Estate Tax Reduction

If the Trustor's estate is valued over the estate tax threshold (\$13.61 million per person in 2024), using an IRR can reduce or completely eliminate the Trustor's estate taxes that would have been due upon their death.



## Charitable Giving

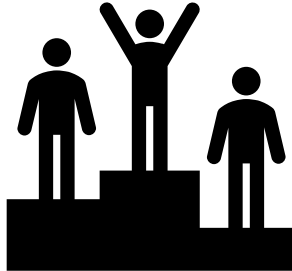
Enables high-net worth individuals to leave assets to charity while receiving the charitable tax deductions now, yet still maintaining some beneficial interest or control of the asset(s).



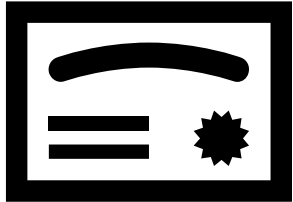
## Asset Protection

A trustor can create a trust for a beneficiary other than themselves, to protect those assets from that beneficiary's creditors (i.e. special needs trusts).

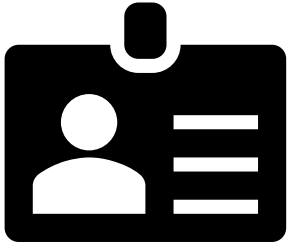
# Types of Distributions



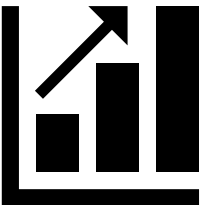
**Specific Gifts**



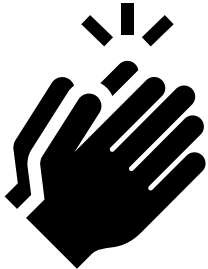
**General Pecuniary Gift**



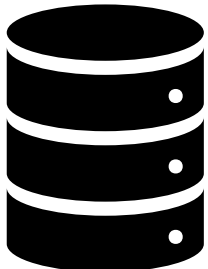
**Demonstrative Gift**



**General Gift**



**Residuary Gift**



**Annuity**

# Protecting Your Home from Tax Reassessment After Transfer



## Primary Residence Clause

To maintain a lower tax basis under Proposition 19, children are typically required to establish the transferred property as their primary residence within one year of receiving it.



## The Buy-Out Option

We include specific clauses allowing one child to purchase the home from siblings using their share of other inheritance assets, effectively preserving the critical parent-child tax exemption.



## Inheritance Equalization

When distributing assets, the Trust structure ensures that if one child inherits the house and another receives cash, the total value remains fair while maximizing overall tax savings.

# Manner of Distribution:



## **Per Stirpes**

If a child passes away, their share goes directly to their children, keeping the family branch whole.



## **Per Capita**

If a child passes away, their share is redistributed equally among all your surviving children only.



## **In Trust vs. Outright**

Give inheritance all at once or keep it in trust to protect assets from creditors and future lawsuits.

# The 2026 Estate & Gift Tax Exemption

We are in a golden age of estate planning, but the clock is ticking on tax benefits.

## **\$15M Exemption**

Currently, high-net-worth individuals can pass \$15M tax-free, or \$30M for couples, but this window of opportunity is subject to change.

## **Irrevocable Trusts**

The Klinedinst strategy involves leveraging Irrevocable Trusts today to permanently lock in higher lifetime exemption rates before they disappear.



## **Beware the Sunset**

The current tax law is “golden” but was scheduled to sunset on December 31, 2025. The federal exemption levels have fluctuated wildly over the years. Significantly impacting assets.

## **40% Federal Tax**

For high-net-worth families, waiting until after the deadline could trigger a 40% federal tax hit on millions of dollars that could have been shielded from taxation.

# 01

## Avoid Probate

Save your family tens of thousands of dollars in legal fees and months of time by structuring your estate to bypass the court process entirely.

# 02

## Total Privacy

Keep your personal family matters out of the public record, ensuring that your financial affairs and assets remain confidential and secure.

# 03

## Incapacity Plan

Ensure your bills are paid and your specific medical wishes are honored if you ever become unable to manage your own affairs or make decisions.

# 04

## Tax Efficiency

Protect your home's tax basis and minimize estate taxes, allowing you to pass on a larger portion of your assets to your beneficiaries.

# Start Your Legacy Planning

Schedule a consultation with Sheila-Marie Finkelstein to secure your family's future today.

