KAISER LAW GROUP
KLG Estate & Legacy Planning
Purposeful Estate Planning for the (Multi) Millionaire Next Door®

It's Your Estate: Intro

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Simplicity is the ultimate sophistication.

- Leonardo da Vinci

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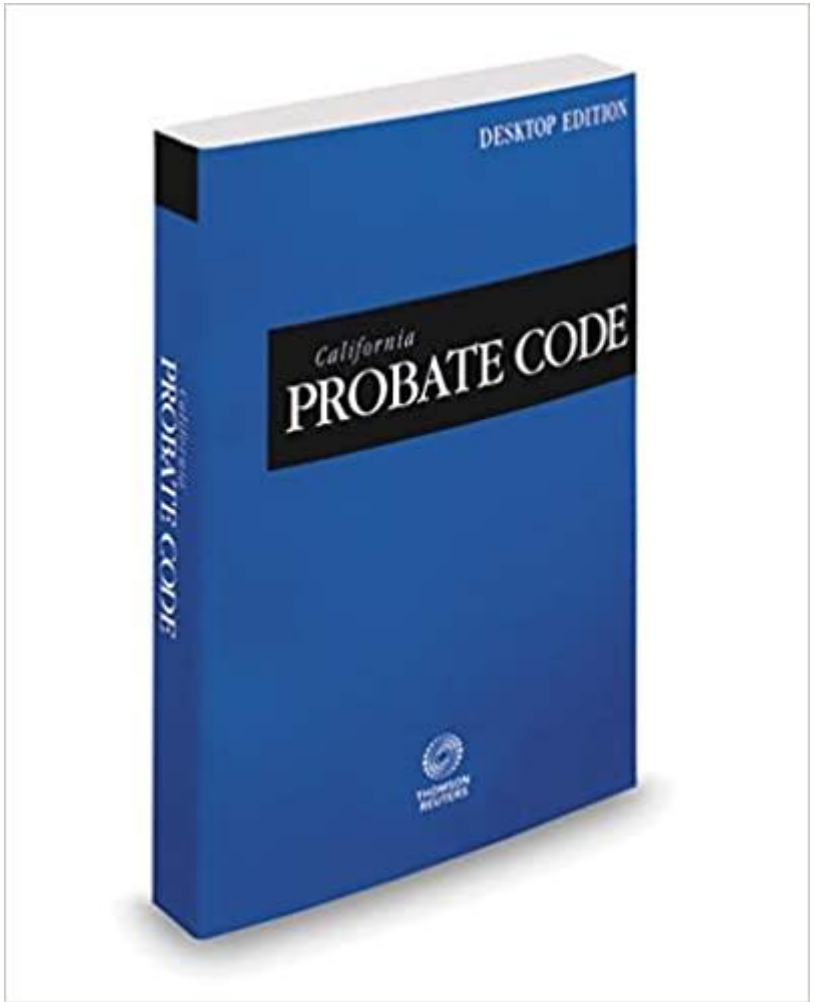

- **Paperback :** 1364 pages
- **Item Weight :** 3.37 pounds

This is your default estate planner.

An overview of your default plan.

Can't make medical decisions?	Can't manage your finances?	Can't raise your minor kids?	No direction about distribution of assets?
The court appoints a conservator of the person for you (lifetime probate)	The court appoints a conservator of the estate for you (lifetime probate)	The court appoints a conservator of the person and estate for them.	Probate and intestate succession rules apply.

Is probate really that bad?

- Court proceeding
  - 18 + months
  - Expensive
  - Public
  - Open forum
- Intestate succession
  - Community property goes to surviving spouse
  - Separate property gets split between spouse and kids
- Statutory alternatives
  - $184,500 threshold for small estate affidavit
  - Spousal property petition
  - Heggstad petition

Think expensive.

Probate Estate	Statutory Attorney's Fees	Statutory Executor's Fees	Total Fees
$500,000	$13,000	$13,000	$26,000
$1 million	$23,000	$23,000	$46,000
$2 million	$33,000	$33,000	$66,000
$5 million	$63,000	$63,000	$126,000

Some work isn't covered by statutory fees.
Estate charged on gross value (no deduction for debt/mortgages)
Court costs, appraisal fees, etc. cost extra

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Is there anything good about probate?

- Creditors
  - Short time to come forward
  - Forever barred if they don't come forward in time
- Aid to Personal Representative
  - Process covers nearly everything
  - Court provides supervision/indirect guidance
  - Court approves everything – that is, no liability for PR
- Reminds PR of fiduciary duties to beneficiaries
  - Communicate, communicate, communicate

Avoid the court system every way you can.

Can't make medical decisions?	Can't manage your finances?	Can't raise your minor kids?	No direction about distribution of assets?
Have a current advance health care directive; nominate your own conservator	Have a current durable power of attorney; nominate your own conservator	Nominate guardians and revisit this issue regularly	Use probate alternative or execute a will or revocable trust

Understand the preference for family.

- Statutory order of priority
  - Spouse
  - Adult children (jointly unless they can agree)
  - Parents
  - Siblings
  - Adult nieces & nephews

- If you want someone else involved, express your preference with details and do it in several documents

Probate alternatives to consider.

- Pay-on-death (transfer-on-death) provisions
- Beneficiary designations
- Rights of survivorship – e.g., joint tenancy & CPWROS
- Quick and easy transfers after death, but:
  - Lack of control over how assets are used
  - Loss of potential creditor protection

Execute a will.

- Types of wills
  - Holographic wills
  - Statutory wills
  - Formal wills
  - Pour-over wills
- Primary advantage is giving instructions about how the assets are to be used
- Does not avoid probate

How to avoid probate.

- Your probate estate includes
  - Assets in your individual name
  - That are not governed by a probate alternative
- The goal = no probate estate
- Common method in California is using a revocable trust to hold title to
  - real estate
  - personal property
  - investment assets and
  - essentially all other financial assets other than retirement accounts

Key to avoiding probate.

- Review the terms of your trust, especially the fiduciary roles, regularly
- Review your personal financial statement regularly
- Find an attorney who will do these things with you; in fact, will require these things of you

TRADITIONAL ESTATE PLANNING

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A look at the current transfer tax rules.

Federal unified exemption: $12,920,000
No California estate tax

Annual gift exemption: $17,000
Lifetime gift exemption: $12,920,000

Inherited assets: step-up in basis
Gifted assets: carry over basis

Law change in 2026; planning opportunities for high-net worth families

Federal unified exemption: ~$7M

Keep an eye out for A-B Trusts

If your trust says something like this…

"At the passing of the deceased spouse, the surviving spouse shall divide the deceased spouse's estate into two shares…"

The word "shall" is what we are looking out for. We don't want that except for: (1) very high net worth families and/or (2) blended families

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