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Don't Pay More Capital Gains Tax Than You Should!

USE THIS ESTATE PLANNING LOOPHOLE TO SAVE

There are plenty of estate planning maneuvers, but when done without the guidance of an attorney, these techniques may end up costing your family a fortune. One action that can do more harm than good is transferring your assets into your children's names. While it might seem like you're helping them, they could miss out on a significant tax break: step-up in basis.

What is the step-up in basis loophole?

When you want to transfer a physical property or stocks into your child's name, they will often need to pay a substantial capital gains tax. The value of these assets increases over time, and when you transfer them to your child, they will have to pay tax on all the appreciation, or the increase in value, from when you first purchased the property to the sale date.

Regarding homes, the value can significantly increase over just a few decades. After

two decades, the home's appreciation can easily be hundreds of thousands of dollars. As a result, they could be left with little profit after forking over the capital gains tax.

Meanwhile, if your child were to inherit the property after your passing, they would only need to pay the capital gains tax from the market value at the time of your death instead of when it was initially purchased. The **basis** of the asset's value is **stepping up** in time to adjust the appreciation value. That's why it's called a step-up in basis! The result? Your child will save on expensive taxes and start building wealth with this property's profit.

Instead, try putting your assets in a living trust.

So, how can your child take advantage of the step-up in basis? You can put your assets in a living trust and add them as a beneficiary. Instead of being considered an owner, your child will only inherit your estate after your death. While a living trust has plenty of benefits, you should always consult an attorney to understand if this is the right move for you, your specific assets, and your children.



THE UNSUNG HEROES OF ESTATE PLANNING

The Crucial Role of Powers of Attorney

Imagine this: Behind the curtains of your life's journey lies a pair of unsung heroes known as "Powers of Attorney." They might not be as glamorous as a Will or a Trust, but mark my words; they hold the key to your peace of mind.

Let me spin you a tale about their importance, a story that unfolds long before the final chapter.

You see, the odds are quite astonishing — around 90% — that these Powers of Attorney will take the stage before your Will ever does. Yes, that's right! These documents are not just for your final act; they're stars of the show that can shine many times — years before your last bow.

Why, you ask? Imagine a world filled with incredible medical advancements, where science and treatment work together in a new way. But amidst this marvel, accidents and health storms can strike like lightning. That's where the spotlight falls on Powers of Attorney. In estate planning, what used to be minor players have now become major ones. The reason is that you are likely to recover from an unexpected injury or health crisis. However, it's essential to have these documents in place before any unforeseen events occur.

Now, let's dive into the heart of the matter: Who speaks up for you when your voice fails?

Powers of Attorney are the scripts that carry your voice when you can't. It's vital to appoint someone to speak for you when you are unable — in the case of both property and health care.

First, let's meet the "General Durable Power of Attorney." Think of them as the guardian of your possessions. If you cannot care for your property, this trusted ally steps in. They can sign checks, handle essential documents, and care for your possessions. This agreement lasts until you pass, but you can modify or end it at any time.

Now, let's unveil the "Power of Attorney for Health Care." They're like the navigator on your medical journey. When you can't steer, they take the wheel, conversing with doctors, perusing medical records, and even seeking second opinions. Remember, their role only plays out when you're unable to call the shots.



Here's where the plot thickens: Without a Health Care Power of Attorney, your medical story could spin into chaos. Without a legal champion, medical staff will do all they can to keep your story alive, even when the script turns dark. But without this legal authority, there's no one to say "cut," no one to halt the show when extraordinary measures overshadow the scene.

Remember this: "Legal authority" is the key to protecting your property or directing your medical tale. That power comes to life through written Powers of Attorney. Yes, even your closest kin — a spouse or a dear family member — requires this written script to take the stage on your behalf.

The good news is that such documents are not complicated or expensive. They're more like a swift, meaningful scene waiting for your signature.

The moral of the story? Let Powers of Attorney stand as your guardians against the unknown. If you need any assistance determining who your Powers of Attorney should be, or if you need to make modifications to your estate plan, please don't hesitate to give us a call.

Until next time,

- Bill Steffens



Want to Protect Your Assets?

Avoid These Inclusions in Your Will

When creating your will, you may be tempted to include directions for every single piece of your property and every personal wish that you have. This instinct makes sense, but the “better safe than sorry” approach can actually come back to bite you!

In truth, you’re better off leaving some personal properties and directives out of your will. Adding these specific things to your document could backfire. Instead of successfully protecting your assets, you’ll leave an enormous mess behind for your loved ones.

We’d hate to see that happen, so we’ve put together a list of the things you should never include if you want to keep your legacy safe. Here are the top four.

1. Your Business — You must never add your business to your will. All wills must go through a probate process, which can take a significant amount of time. Not only can the time delay cause issues with your business, but this probate process also opens the door for someone to challenge your will and whatever wishes you intend for your business. You don’t want your will or the company you worked so hard to operate to be subject to this challenge. Instead, work with your lawyer to create a business succession agreement to bypass these problems entirely.



2. Your Funeral Wishes and Preferences — You should avoid placing your funeral wishes and preferences in your will. It can take multiple weeks before your heirs or attorneys consult your will, and by then, your funeral wishes may have been completely ignored.

Rather than adding these desires to your will, leave them in a letter to your closest relative so they can have it on hand when the time comes. Consider things like whether you’d prefer to be buried or cremated, what you’d like included in your obituary, and where you want your funeral to take place.

3. Inheritance for Your Children With Special Needs — One of the most crucial elements to keep out of your will is any assets or funds left for a child with special needs. If you leave funds for them in your will, the government can cut any federal benefits they may be receiving, which can cause a significant reduction in their income. Instead, you should create a special needs trust, which will set money aside for your child that will supplement their government benefits.

4. Your Wishes for Your Pets — Lastly, your will should not include any assets or desires you have for your pets. No pet has any lawful claim to an estate or property. After you designate a guardian for your pet in the event of your passing, you should make arrangements directly with them about your wishes and what you want to leave for your pet.

Another great option is to create a pet trust that officially establishes funds meant for your pet’s care and well-being. This is a favorite strategy of celebrities, who often love to pamper their pets. In 2007, wealthy real estate tycoon Leona Helmsley, for example, famously left \$12 million to her Maltese, Trouble. The fluffy pup quickly became a millionaire!

This is just a short list of additives that may be harmful when left in a will. The details are much more complicated! To learn more about what should and shouldn’t be part of your will, speak with an experienced estate planning attorney who can help you properly place your property and final wishes.

TAKE A *BREAK*

P I H S N E Z I T I C V A D V
 Y K I I T M M Y H I L I J L Q
 R D S I Y N K O M Y B Y C I K
 R O E Q Y M E J O L D K D S S
 G H S T O Y D R U N K N C L P
 L E A V E S O E A K S H I Y X
 D R G P I V B K C P O T A W O
 I S Y W P E M R W O D T O R D
 G B I D R X W O L Z G N U N Z
 T B X R E X I W S C Q E A R E
 U Z I D P A O E W O B Z O R U
 Q E A X A S H M C Z K B Z T G
 S Z L G R T Y O K G A G P N P
 L V F I E E Y H N L O G R I V
 I T V R U R T B U Z H N T Y I

- Aster
- Blueberries
- Citizenship
- Grandparents
- Homework
- Labor
- Leaves
- Moonstone
- Prepare
- School
- Virgo
- Windy

WALNUT AND BLUE CHEESE TOMATO SALAD

Inspired by FeastingAtHome.com



Ingredients

- 1/2 cup walnuts
- 2 lbs ripe heirloom tomatoes
- Kosher salt, to taste
- Black pepper, to taste
- 1/4 cup smoked blue cheese, thinly sliced
- 1 tbsp fresh dill
- Chopped fresh Italian parsley, to taste
- 3 tbsp olive oil
- 2 tbsp red wine or balsamic vinegar
- 1 garlic clove, finely minced

Directions

1. Preheat oven to 350 F. On a baking sheet, toast the walnuts in the oven for 12–14 minutes.
2. Wash and slice the tomatoes. Place slices on a platter, slightly overlapping. Sprinkle with salt and pepper to taste.
3. Scatter toasted walnuts and blue cheese on top, followed by dill and preferred amount of parsley.
4. In a small bowl, whisk olive oil, wine or vinegar, and garlic to make the dressing.
5. Spoon dressing evenly over salad and serve.

Give Your Pet’s Kibble a Healthy Upgrade!

We’ve heard time and time again that dry kibble isn’t exactly the best food for pets, but it’s undoubtedly the leading product on the market. If your busy schedule doesn’t allow for homemade meals for your canine or feline friend, you can keep them in tip-top shape with their usual food with these four health-boosting tips!



Hydrate dry kibble.

This may be the most crucial step when enhancing your pet’s meals because, without hydration, it can be difficult for them to digest and even absorb the nutrients in dry food properly. You can ensure your furry friend stays nourished by soaking their food in warm bone broth or goat’s milk. If you don’t have either on hand, that’s perfectly fine — warm water works too!

Add fish oil for omega-3s.

We humans often talk about the benefits of fish oil for its supportive omega-3s, and that applies to your pets too! Not only does fish oil help pets have shiny coats, but it also supports healthy joints, hearts, cognitive functions, and more. You simply pump some fish oil onto hydrated kibble, and it’s ready for your pet to eat.

Top with raw food.

Your pet will love devouring a highly nutritious pile of raw food on top of their kibble! Freeze-dried, air-dried, or frozen raw toppers are all outstanding options for increasing your pet’s protein and vitamin intake, as they’re a mix of meats, fruits, vegetables, and sometimes even ground bone! Dried or frozen toppers also retain their nutritional value and health benefits while staying storage-friendly.

Pack in the vitamins!

Every pet can benefit from a multivitamin, just like people! Because the nutrients in kibble can be difficult to absorb, a multivitamin can help fill any gaps left. Countless pet multivitamins are available on the market, and they include incredible supplements like probiotics, immune support, joint support, and more!

Speak with your pet’s veterinarian to learn what nutrients you should prioritize for their diet. Then, you can start filling their kibble dish with everything they need to live a happy and healthy life!