

DEALING WITH REALITY

June, 2018

“At our Firm,
Your Estate Plan
is Not Business,
it’s Personal...”



Patrick P. Phancao

Asset Protection, Estate Planning,
Medi-Cal Planning and Business Planning

Shadi Ala'i Shaffer

Estate Planning, Probate Administration, and
Trustee Administration

HIGHLIGHTS IN THIS ISSUE

- 01 Dealing With Reality
- 02 How Estate Planning Changed My Life
- 03 Book Review
- 03 Business/Health/Wealth
- 04 U.S. Flag Day

*There is only one corner of
the universe you can be cer-
tain of improving, and that's
your own self.*

- Aldous Huxley

“By being true to the law of nature in our daily encounters, we will fulfill the highest potential within and around us, thus leading us to the proper unfolding of our destiny.” This is a quote from Author Chin-Ning Chu, from her book *Thick Face, Black Heart*.

When I first read this quote, it stuck with me for some reason, yet it has never made much of an impact on my day-to-day life until recently. As you very well know by now, I got into Estate Planning because my deepest desire 😊 always been to help people, in one form or another. Not being an “aggressive” person by nature, I always shied away from litigation, and enjoyed representing families.

However, the law remains the law, and irrespective of the field in which you practice, confrontation is part of life. There was a time when I would actually steer clear from it, at any cost. The added stress and aggravation it would generate to my staff justified not diving into it. But the greatest teacher of all, experience, has a tendency to bring you face-to-face with your challenges/fears in order for you to grow and evolve into a full mature adult.

Ironically enough, it dawned on me that this change had happened to me over time, and I never actually noticed it until recently. Now, rest assured, no specific event happened to mention this topic in particular. Just looking at my weekly list of cases, I took notice of to how many court appearances I must make and how often I have to say “No, this is not a proposition that will work for my client.” What I have come to realize is, to disagree with someone, be it – your own client, opposing counsel, the judge, a stranger, etc. is an acceptable and necessary part of life. As a matter of fact, the ability to disagree and have a productive conversation about each person’s respective position will enable growth to occur on both sides.

The environment, or nature according to Author Chin-Ning Chu is a harsh place. In a very sanitized, civil world, many have been able to get by without ever facing much adversity. That is not real life though! This is not how you want to create your own world. I can openly make that statement having ‘dodged confrontation’ for too long.

Interestingly enough, some of my most respected peers today stem from individuals whose position I stood directly against at first encounter. Once the issue at hand was resolved, we ended up gaining and earning one another’s respect for the position we took. Again, just as in any battle, one must win and one must lose; but that does not mean we cannot come out with a mutual respect.

Continued on page 3

SPECIAL ANNOUNCEMENT

As forewarned, you blink your eyes, and half of the year has gone by. Time is that ever so elusive component we must deal with our entire lives. Anyhow, summer is upon us so let’s celebrate! We’d like to greet you with a “Happy U.S. Flag Day!” Hoping you are able to display the U.S. flag in your home or business and show some true spirit for your Nation! For tips on how to do it correctly, we’ve prepared something for you in this issue. Also, in this issue is our spotlight read Jessica Livingston’s *Founders at Work*.

Never in the history of mankind have we dealt with knowledge growing at such an exponential rate. In this month’s book review, *Founders at Work*, Mrs. Livingston interviews the founders of some of the most prominent technology companies in the world and what challenged them early in their careers. Finally, you will see the article “Should You Skimp on Estate Planning If the Death Tax Is Gone?” Let’s find out why you still have to estate plan even if the death tax would be eliminated. For asset protection advice, call 714-966-2646 or visit our office at 17702 Mitchell North, #101, Irvine, CA 92614 today!

HOW ESTATE PLANNING CHANGED MY LIFE

When you read the title, you may have thought “Of course, this is what you do for a living!” Well, that is actually not the reason for the title. Estate Planning is the process of planning for events such as incapacity and/or death, some tax planning, probate avoidance, etc. That would be the legalese answer to what estate planning does. Though all of these comments would be accurate, that is not exactly what I am referring to when I state that it changed my life. Here is what I mean...

A long time ago, in a place not too far from here (still in Irvine actually 😊), my business partner literally had to force me to do my own Revocable Living Trust. If we were going to do it for a living, it would appear a bit hypocritical not to have my own. However, back then, estate planning didn't seem... “sexy” enough to be quite frank. I was single with no kids. Well, not much has changed on that end, and the thought of leaving my little assets to others didn't seem to be quite the appropriate time yet. Of course, some could argue that they understand my position from back then.

Let me share with you the events that took place when I actually set my mind to doing it. The mere act of just sitting down and contemplating these rather serious questions was quite enlightening, even for someone as immature as I once may have been. In all seriousness, the first impact it created was making me realize that I truly did not have much to pass on. Fair enough I thought, but to be considered a “high income earner” with so little assets started making me question my approach to work, finances and life in general. Was I really the type to spend everything I made? I certainly didn't portray myself as such, but the proof was in the balance sheet; or lack thereof!

That was the first blow.

Then, I realized, if something actually did happen to me, it would leave some loved ones that depended on me quite stranded to say the least. Holy smokes, these life insurance agents that kept calling may have been a bit more important than I had given them credit for at the time.

Finally, it did make me think about the dynamics of who would get what. Now, thankfully, all my family members did get along, but did I want them to have the uncomfortable conversation about who should get certain ‘prized’ family assets I held? Not if I could help it.

Yes, Estate Planning made me realize that I should spend more time thinking about the logistics of such important topics, however uneasy they may have been. But it did something much deeper than that. It made me look at my life as a whole in the lens of a true objective perspective, and it started to affect my day-to-day decisions for the better.

The ‘nice car’ fund took a serious back seat (no pun intended), and I just started to approach my finances in a much different way. I realized that hard work alone was not sufficient, saving starting now needed to become a priority.

We can all feel like we are drowning in our everyday life, but I assure you that this one, small mental exercise can change you dramatically. Not ready to speak to an attorney quite yet? No problem! Google (or better yet, go to our website), and look for “questions to contemplate when doing estate planning.” You may be shocked as to how it can change your life. Good luck, we are here if you need us.

Jessica Livingston: *Founders at Work*

Jessica Livingston's *Founders at Work* is a collection of stories, interviews, and inspirational insights from the most successful people in the field of technology and innovation. For many of us, we aspire to start a business that will have a profound impact in our community. At least, that would be ideal! However, somewhere along the way, many businesses fail for one reason or another. The early aspirations soon give way to an uninspiring grind. In the midst of it all, many will feel alone in their journey.

By reading this book, I was excited to read extremely successful founders' past, and to see how they went from regular to simply extraordinary. Just like you and me, many were people who would sit with friends and discuss their ideas. You would find some of these ideas funny, others not very smart. But that is the whole point, the collection of these stories make the whole entrepreneurial journey more human and colorful.

In this book, you will find founder of Apple, Steve Wozniak, talking about his early ideas about the product, something you will ponder upon when you look at your I-Phone and Mac computer. Other founders who shared their roads to success are Caterina Fake of Flickr, Mitch Kapor of Lotus, Max Levchin, co-founder of online money transfer PayPal, and Sabeer Bhatia of Hotmail.

The book is not all about good things and success stories of these founders. There are stories about their failures, funny and weird discoveries; their losses and recoveries along the way. This book will guide you on what it is like to be a founder, how hard you need to work, how to handle criticisms, dealing with investors, and everything in between.

Livingston had the bright idea to gather these founders and write a book that is easy to understand for startup businesses. There is no formula here. No technical terms that will keep you reaching for your dictionary. This is a collection of real, practical, and sane techniques from tech geniuses dealing with everyday problems. You will be inspired to create something valuable. People may not grasp your concept at first, but this is a book that teaches you about three simple concepts – improvise, adapt, and overcome.

Founders at Work will remind every one of us, especially those starting businesses to be more passionate at what we do. Don't look back to things that didn't teach you. Look back to learn, but don't stop pursuing the future.

Continued from page 1

Well, that is my lesson for the month.

As the summer months unfold, I encourage you to cultivate a spirit of open communication. While most businesses will be slowing down a bit, I urge you to keep your reading list active, and keep feeding your mind with healthy knowledge.

Get sun protection, but most importantly, get legal protection! For anything and everything related to estate planning, we remain at your service. See you next month!

Should You Skimp on Estate Planning If the Death Tax Is Gone?

2018 has seen one of the biggest tax reforms we have seen in a while. The elimination of the federal estate tax is a component of the tax reform plan as released by the congressional Republicans and the White House.

The plan is referred to as the death tax.

For years, estate taxes have been in the lawmakers' crosshairs. To them, the estate tax is seen as a form of double-taxation. There is truth to that statement. As an income earner, you do get taxed at the income tax level, that is hit #1. Then, upon passing, your assets are then accumulated, and assuming you are above a certain financial threshold, the estate tax (close to 48%) gets taken out as well. This can be quite painful to the life savings of many families. That is hit #2.

So 2018 has seen the end of this estate tax. The vast majority of people find this elimination of the estate tax advantageous because they can now avoid any complicated strategies involved in order to reduce a tax bill, and simplify estate planning as a whole.

However, you must avoid thinking that getting rid of the death tax will render estate planning useless. This goes back to the mentality that estate planning is only intended for the affluent. Nothing could be further from the truth. In fact, it is more important now even if the tax reform is eliminating the federal estate tax. If you want your assets to go to the right hands after your death, you need estate planning. The possibility of paying estate tax was a great motivator in planning sooner in the later years.

However, with the increases in bills that one can transfer at death without paying estate taxes, that potential tax exposure became a smaller consideration regarding estate planning. But a properly drafted Revocable Living Trust encompasses so much more than that. For example, if you were married multiple times and with children from a blended family, you need to use careful estate planning to prevent any unwanted disputes after your death. Have a great spouse with kids, but not the most ideal spouse to make financial decisions? A simple Durable Power of Attorney can clearly outline another person to take on the role and ensure your financial decisions are properly followed for the well-being of the whole family. This is just a few examples of when proper estate planning can come into play and save the day. So while federal estate tax lets you have a simpler estate planning, it must still be done.

So even though the death tax passed in Congress and the White House, you must have a proper estate plan. Consult us and get free information on the subject matter at 714-966-2646 today!

17702 Mitchell North #101, Irvine, CA 92614
714-966-2646



Patrick P. Phanco
&
Shadi Ala'i Shaffer

PHANCAO & SHAFFER, LLP
Attorneys and Counselors-at-Law



U.S. Flag Day

Many of us celebrate Flag Day by displaying the U.S. flag in our businesses and homes to show support and commemorate the use of Stars and Stripes as our official flag. In the summer, it is very common to see the U.S. flag everywhere. Part of showing our support to this significant day is making sure you're displaying the flag respectfully.

Do not let the flag touch the ground. When handling it, you must keep it from damage. Unlike the popular myth, you don't need to burn the flag in the event it touches the ground, but it can be displayed if it is still in good condition. In addition, do not wad, but fold it. Fold it properly, such as folding it into a triangle.

Do not wear it as a costume. It's not a display of patriotism as some of us may think it is. In fact, the U.S. Flag Code states that no part of it must be in a costume or a sportswear. You may instead wear a lapel flag pin over your heart.

I guess you could call this Etiquette 101 when it comes to the U.S. flag. With some much political turmoil and uncertainty surrounding our times, let us not add one more issue that could be misinterpreted. Have a great month of June, we'll be seeing you at our office... or the beach 😊!