

April 2024

“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 Trust Administration

HIGHLIGHTS IN THIS ISSUE

- 01 The State of Real Estate
- 02 The Corporate
Transparency Act
Saga Continues...
- 03 Book Review
- 03 Business / Health /
Wealth Section
- 04 Thank You

*No winter lasts forever; no
spring skips its turn. April is a
promise that May is bound to
keep, and we know it.*

- Hal Borland

THE STATE OF REAL ESTATE

Back in 2019, before the virus ever hit our planet, the U.S. economy housing was thought to have reached its peak. Rates had steadily been increasing, the average home price was at an all-time high, and many experts thought the downturn was right around the corner. Then came... the infamous life-altering Covid-19! A Quantitative Easing came like we've never seen before. As the world's activities came to a scratching halt, governments across the globe did everything they could to keep their respective nation's economy afloat. The U.S. was no different. At first, just like every sector of the economy, real estate stopped. For a period of a few months, it looked as if prices were going to drop. Well, not only did it not fall, it slowly change to increase. Then came the ever, never seen before low interest rates. So what happened next? Home prices skyrocket an unprecedented 10-20% in the span of two years.



We are now years behind this debacle. There have been countless news outlets and YouTube Experts sharing their opinion that a radical drop was inevitable. In the spirit of complete transparency, I myself was on that bandwagon! But I will tell you one financial guru that never believed that narrative... none other than Dave Ramsey. Heck, he came out with a handful of announcements that his stand is that the 10-20% increase was, for better or worse, the new normal. Though an incredible advocate of his financial advice, I am the first to admit I marked his comments as one of those “let's check back on this one day”. Well, that day has come. Does that mean that real estate prices will not go down? Not at all, if anything, it is likely to drop. However, we are not talking multiple figures as previously mentioned by the other ‘experts.’ Where things stand today, this unfortunately appears to be our new normal. The cost of living has increased so much that even the upper-middle class is feeling the pull.

Just a few weeks ago, Mr. Ramsey claimed prices would go down a bit, but not by any significant margin. Thus, for you prospective buyers that have been waiting on the sideline, it pains me to say that it may not get (much) better. If this is you today, please evaluate whether you are ready to commit to a higher down payment, or should you even contemplate moving a bit outside of the ideal city you were aiming to move to? These are hard questions to ask, but better to be prepared than willfully blind.

Continued to page 2

INTRODUCTION

Welcome back! We are heading back into the warmer months of the year. After all, CA is known for its rough winters 😊! People will be happy to put their socks and sandals combination footwear back in the closet, and just walk bare feet! With what we pay in state taxes, great weather is the least of all luxuries we can afford ourselves, right?!

On another note, please make sure to read the Corporate Transparency Act article. We know it may not be the most exciting topic around, but knowledge is power. In this instance, power happens to lead to much cheaper fees when done right! Keeping with the spirit of legal and financial subject matters, we will also be discussing the latest trend in real estate.

As usual, April has its fair share of mini celebrations to be had. To name a few, we have International Sports for Peace and Development on the 6th, as well as Siblings Day. The funniest one is International Fact-Checking Day on the 2nd of the month... Is it us, or are people trying to come up with things to celebrate these days?! 😊

As usual, this month's newsletter is packed with useful tidbits and self-help information you can use. As your proud legal representatives, we remain available to you, feel free to call us!

THE CORPORATE TRANSPARENCY ACT SAGA CONTINUES...

Before I even start this newsletter, I want to personally thank our reader Harold S. (last name left out for privacy purposes) who noticed a typographical error in my last article. Instead of writing www.fincen.gov, www.fincen.gov/boi, or a correct version thereof; I had written www.fincen.org. So shame on me! Thankfully, we have selfless and considerate readers such as Harold to bring it to our attention so we can let everyone know immediately. However, it does leave me with one question... Why the heck have you guys not brought it to my attention? I just can't imagine the possibility of it being because... you don't read my articles?! My ego is literally shot People!

However, enough with the self-loathing, let's get down to business and discuss what transpired in the last few weeks alone. In early March, the U.S. District Court of Alabama ruled that the CTA was unconstitutional because it exceeded the Constitution's limits on Congress' power. When this ruling came out, I was anticipating letting you know that all bets were off! Maybe, just maybe, this whole CTA requirement would be nothing but a scare tactic that would simply go away on its own. Unfortunately, like a bad T.V. drama series, it was only determined to be unconstitutional for the particular plaintiff alone. So far the rest of us, we are all back on the same boat.

All this to say, everything that was shared in March's Newsletter still applies. For all of us who own businesses that have some type of control or managerial position over a company; you must file the Beneficial Ownership Interest questionnaire. We have had a handful of you reach out for assistance, so we are happy to assist. However, for the rest of you, I hope you are either filing the BOI on your own or have a third party doing it. But no matter what, please do not ignore this obligation. The penalty fees are steep, and the last thing we wish is for you to incur unnecessary cost.

It is too early to tell whether CTA is here to stay, but considering the state of affairs and the direction in which the nation is going – on-going terrorist concerns, government's desire to keep a close eye on its citizens, chances are this is here to stay. After representing thousands of business owners, here is a tendency that is easy to notice. Whether a client eventually becomes successful or not, all start-ups begin with enthusiasm and the best of intentions. A new entrepreneur often sees the company as an extension of him / herself, and it provides a feeling of starting a new chapter in one's life. So initially, the greatest care is devoted to the new business, go the extra mile, and just "hit it out of the park" like baseball players say. But then, reality sets in. Heck, life has a way of demanding more out of you, children need to be picked up from school, networking must be attended to, and the list goes on. In the haste of it all, the last thing people tend to look over is their corporate governance obligations. A few months, and sometimes years go by before the business formalities are a long-gone memory.

Indeed, the CTA is the last thing we need on our 'to do' list. However, in our ever so optimistic approach to work and life, maybe you can also see this as an opportunity to stay on top of your business obligations. After all, there are certain documents, financial and legal, all adults should have in their possession – proper I.D., life insurance, a revocable living trust, a proper corporate kit if you own your own business just to name a few.

In any event, this will be the last you hear of this from us... hopefully! After two articles, a letter coming your way, you will have received your fair share of notices about this. It is not as difficult as you may imagine if you just take a few minutes to look into it.

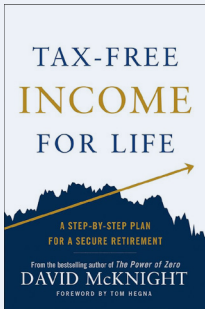
We just want to make sure we service you properly, so thank you for your cooperation on this, we know it isn't fun! 😊

Continued from page 1

As it is often said, your home is usually the biggest investment a person makes in their lifetime. However, it is not a justification to become financially irresponsible. Do not confuse your qualification loan for what you can truly afford. Yes, a Broker will inform you on how much you can afford based on your income and expenses. However, the reality is that no one else knows better than you what is a monthly mortgage you can realistically undertake. Lastly, don't forget to add the yearly property tax and the inevitable maintenance cost of owning a home.

Everybody wishes for the best home, it is natural! However, let me remind you that financial peace should still be your leading indicator when making this decision. For now, it doesn't seem that prices will go down. Armed with this knowledge, prepare yourself accordingly!... And of course contact us to put your biggest asset in a trust, come on now! 😊





DAVID MCKNIGHT:
Tax-Free Income For Life

David McKnight's book *Tax-Free Income for Life* is guidance for people concerned about taxes and financial security. This book offers a solid foundation to deepen your understanding of retirement planning options. The first book of David was *The Power of Zero*, and its main aim was to explore growing

national debt crises and spread awareness among them about retirement challenges. The writer discusses the two biggest risks faced by a retiree. The main aim of the writer is to target American retirees who are facing a double threat of tax rate risk and longevity risk. *Tax-Free Income for Life* positions itself as a roadmap to stress-free retirement. It provides guidance in creating income streams and strategic tax minimization. The writer also offers approaches to tax-free income and employing "asset-shifting strategies," to optimize tax benefits.

Tax-Free Income for Life is a step-by-step plan for a secure retirement. The author discusses the two biggest risks at the start of the book. He spends time explaining how living a long life / longevity can create retirement challenges. He discusses long-term care and inflation effects. Sometimes professionals can take unknown risks by securing guaranteed lifetime income. They must have a broader overview of rising taxes. Ideally, we all aim for tax-free living, all the while aiming to have a guaranteed lifetime income. Unfortunately, at times, these two ideals can be at odds. Hence it is important to address both longevity risk and the tax rate raise for a great outcome.

The informative book has a few key takeaways. Writer convincingly argues for the importance of having a reliable income stream that grows with inflation. This provides peace of mind and protects against market downturns. David showcases the real life examples in his book.

The book also offers a valuable perspective on retirement planning. The strength of the book lies in its focus on guaranteed income. The writer emphasizes the importance of shoring up retirement income with reliable sources. It ensures a safety net against market volatility and helps retirees to secure their savings. This knowledge can empower readers to make the right decisions about retirement savings. It is also an ideal way to reduce the tax burden. Readers can get insightful information from the writer's tax strategies.

The concise and informative approach is the clear presentation of complex financial concepts in an understandable manner. Broad audiences can benefit from tax management with the guidance of the book. The book convincingly argues for the importance of a reliable source of income. This income should be stable enough to keep pace with inflation and ensure peace of mind. The writer also sheds light on different investment ways and accounts that minimize tax liabilities for most retirees.

Every financial professional must read the book of *Tax-Free Income for Life*. Anyone can get guidance and tips from the author's write-ups about tax and insurance. The book acts as a starting point and helps readers create the right retirement plan by considering their unique preferences. It is a valuable resource for individuals approaching retirement. People who are concerned about taxes and ensuring a steady income stream must read the book to seek proper guidance. It can be a stepping stone towards building a secure and financially sound retirement.



**MCLE STRATEGIC 1031
IN PERSON OR ZOOM SEMINAR**

MCLE CREDIT THROUGH IPX1031

**1031 EXCHANGES
REAL PROPERTY APPLICATIONS**

- Review of Basic Statutory Requirements
- Timelines, Deadlines & Identification Rules
- Partnership/LLC Issues & Resolution
- Vesting Issues
- What Constitutes "Like-Kind" Property
- Reverse & Build-to-Suit Exchanges
- California "Clawback" (CA AB-92)
- Tax Deferral: Federal, State, Depreciation Recapture & Healthcare Tax Implications
- Non-Tax Reasons to Exchange: Diversification/Consolidation of a Portfolio Exchanges as an Estate Planning Tool
- Related-Party Issues
- Seller-Financing Issues
- IRS Disaster Relief Extensions
- Rev. Proc. 2008-16—Dream Home Application
- Industry Defalcations & What Questions to Ask of a Qualified Intermediary

WHEN: MAY 23RD

TIME: 10 AM

ABOUT: 1031 EXCHANGE CLASS

**JOIN/WHERE: 17702 Mitchell N
Irvine, CA 92614**

Greg Burns
Senior Vice President
Phone 626.233.2773 | greg.burns@ipx1031.com
www.ipx1031.com/burns





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Patrick P. Phancao
&
Shadi Ala'i Shaffer



April arrives like a breath of fresh air, whispering promises of renewal and wiping away the winter's slumber. This month's beauty isn't just visual; it's a feeling. It is the perfect time to focus on your physical and mental well-being along with effective financial management. Live a stress-free life to cherish every moment you spend with your family members. It's a time that mirrors the human spirit's yearning for fresh starts. We, too, can shed the heaviness of the past and embrace the potential of new beginnings.



At Asset Protection & Elder Law Center we are committed to providing peace of mind for families during difficult times. So far this year, the economy has proven to still be a major pain points for all of us. Despite the reports, it seems inflation is still hitting everyone one of us hard. Now is no time to give up! See how you can manage your spending and remain frugal for the time being. Despite the rise in cost for all our living expenses, we still urge you to make savings a top priority! One way to start off the right foot is to ensure not to incur any unnecessary cost, such as the fine and penalties you will get if you don't follow-up on the Corporate Transparency Act (*related article inside)!

Stay the course, and let us know if we can help you in any way!