

## November 2020

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



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*The way I see it, if you want  
the rainbow, you gotta' put up  
with the rain”.*

*Dolly Parton*

## THE TIME IS NOW

We are coming to the end of 2020. For us, this will be our last communication until next year. It is safe to say that, 2021 will have brighter horizons for most of us. For whatever reason, this year has seen a demarcation of political parties, and it has never felt so divided. The turmoil of this election will be talked about the remainder of the month. Despite what appears to be a healthy stock market, conservative economists say that a depression is looming.



Whether you have been able to keep your job or not, the way to look at this situation is, no matter what happens in the coming months... anything is possible. This is not meant to be some empty optimistic cry, but rather a succinct, methodical approach to get control of your environment.

Let's start from the beginning. First required tool – Profound yet bluntly honest vision of the world. Do not underestimate the power of this single skill. Often times, when you slow things down, you will be amazed listening to people and their 'version' of what happened to them. Let us be clear, everyone has some subjectivity recounting a story. However, the true ability to stick to the actual facts, as opposed to a romanticized version of what people perceive, can save you a tremendous amount of time and energy.

It is sad to say, but people's inability to deal with reality is a real obstacle. Some recommend looking at life as the cruel version that it is. You can do so by simply observing wild animals in nature. It is not a pretty sight. Often times, innocent lives must get sacrificed so the cycle of life can continue. This may be a bit overbearing to hear, but it is the truth. With everything that has happened this year, with what is most likely about to occur in the coming months / years, there is no better time than now to take off any rosy glasses you may have been wearing.

Here is another pearl of wisdom. “By adapting and adopting a form of non-destructive ruthlessness, you will gain the freedom necessary to achieve effective execution of your life's tasks.” That.. is... heavy!! Yet so true! As compassionate human beings, this may not be the easiest thing to hear. However, with everything else going on in the world, you and your loved ones will be better served getting ready for whatever comes your way.

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## SPECIAL ANNOUNCEMENT

Did you know that November comes from the Latin word Novem, which means... nine. Inquiring minds would like to know! Well, the Roman calendar, which the Western society inherited, did not include the month of January and February until much later. However, the decision had been made, and so the name of the month remained. That is our history lesson for the year.

As for us, as a firm, this will be the last month of our newsletter for 2020. It's a broken record and we know, 2020 has been a tough year! But we are not one to lay down and let ourselves be beat. Truth be told, we expect the same from you! The anticipation of a second wave is real. The upcoming election will be all around us, every single day this month. This is inevitable. There is nothing we can do about that.

The one thing you do control is your mind and attitude. Those most companies tend to slow down during year end, we actually ramp up to prepare for the year after. The commitment to your goals must be relentless. Take advantage of this time to create better systems in your business, learn more about your field, but most importantly – be purposeful in everything you do.

For obvious reasons, we are strong advocates of financial and legal knowledge. We want your family's future to be protected. We know we can help improve your situation no matter where you or your business stand. If there are any pestering estate planning questions you may have, call us at 714-966-2646, and let's close out this year together on the right foot! See you in 2021!

## TAX PLANNING ANYONE?

This is not a political article... We know better than that than to share our political opinion on what is about to happen 😊. Quite frankly, we're not even sure anyone would care what our belief is as to who the better candidate would be.

However, no matter what happens this month, one thing is for sure – tax changes are coming. Irrespective of who takes office, after the crippling effect of 2020, our economy cannot continue down this path. Both administrations have spent significant amounts of time forecasting the best course of action. After the Quantitative Easing (a fancy term for “money printing”) that has taken place, the nation has to find a way to pay back the spending that COVID-19 caused.

The wise course of conduct is that anyone above the \$5 Million mark should seriously contemplate meeting with their tax advisors. And though you may say to yourself that you would have November and December to prepare, keep in mind that larger estates take longer to fund, so waiting to plan may result in unwanted options as you limit your array of choices.

If Biden was to take over, here are some very realistic scenarios that may happen. The existing estate tax sits at around \$12 Million. Well, a Biden plan would quickly take it back to what it was in the mid 2000's, right around \$5 Million. There are many family members in the Southern California area that would be hurt by such a tax change.

Here is another one – assuming you pass the estate tax rate (albeit, not a bad problem to have), your estate tax exposure sits at around 40%. No matter your wealth, that is a large percentage of anyone's size portfolio. Well, imagine if that tax cut jumped to 50%. Suddenly, the 'luxurious' problem would impose serious lifestyle changes at that point. Keep in mind, an estate that is illiquid is certainly not the IRS's problem. If that was to be the case, nothing short of a fire sale would be expected. Believe us, we have seen it happen and that is not a good position to be in when mourning the passing of a loved one.

Another tax reform in discussion, however we would sincerely hope would not happen, is the possibility of doing away with the long-standing step-up in tax basis at death. This would be a dangerous proposition as this is a concept that has been the cornerstone of many estate planners' planning tools. If this happens, our motto doesn't change: improvise, adapt and overcome... But still, that would hurt 😞

The largest concept looming around the Trump administration is to make the current talked about changes to the Tax Cuts and Job Act permanent. But the reality is that because of this pandemic, such a proposition would be received with fierce opposition from its people. In a time of need and new reelection, this would not be a popular move.

As you can see, no matter who takes office, tax planning is inevitably going to be part of your upcoming concern in the coming months. It would be wise, at the very least, to visit your tax consultants now while you know the tax rules and how favorable they are to date.

To close this out, we want to once again thank you for your incredible loyalty. 2020 has been difficult all the way around, and we remain grateful to have you by our side. No matter how difficult times get, it remains our #1 priority to serve you and your family for all your estate planning needs. Have an amazing Thanksgiving and Christmas, get some rest, and we will see you in January 2021!

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In order to adapt to the new changes, you must have the ability to improvise and adapt to the new business environment we will inevitably find ourselves in. As the leader of your organization, stay calm and in control.

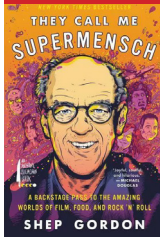
Now, as you know, this is not usually the 'tone' we prefer to take to end the year. But let us be honest with ourselves, nothing about 2020 has been ordinary. When 2021 comes around, we want nothing more than to see you thrive and make it to the other side personally and professionally better.

As Thanksgiving and Christmas come around, you know we are strong advocates of preparation. In that sense, the last two months will be no different.

As you know, we will remain open and at your disposal for whatever legal services you may need. By the time we talk next, the election will be over, who knows who will be our new president. But believe it or not, we want it to have as little impact on you as possible. If you are in control of your ship, you will thrive irrespective.

Stay the course, have a great end of the year, and we will see you in 2021!





## They Call Me Supermensch

By Shep Gordon

Our book review for the month takes us into the world of the rich and famous from an insider point of view. Shep Gordon, the author of the book “They Call Me Supermensch,” may not be as popular as some of the people he talks about in the book, but he becomes successful with the connections he made with these very same individuals. Shep Gordon worked with some top people in the entertainment industry in a professional and friendly manner. Some of his top contacts include Alice Cooper, Blondie, Groucho Marx, Salvador Dali, Teddy Pendergrass, Luther Vandross, Jimi Hendrix, Sylvester Stallone, Raquel Welch and a host of others.

The book is a memoir of Shep Gordon’s life as he transforms from a poor Jewish boy to celebrity status in the entertainment industry. He narrates how he rose from a poor kid with no expectation when he first entered the shore of the United States. With his charismatic traits and knack to have fun, he was able to make friends with top stars and in the process started an excellent business relationship with them.

The book is an interesting and inspiring read as it shows that anyone can make it with a desire to succeed. The book is full of hilarious stories in his experience of dealing with celebrities in the past five decades. It provides you with deep insight into the life of those you admire from afar and gives you a glimpse of how you can make it from nothing and become a force to be reckoned with in any situation you find yourself in.

Aside from having amazing relationship with top celebrities, Shep Gordon was also involved in some top entertainment shows. One of his trademarks shows is “The Celebrity Chef,” which he created and has become a popular idea in modern reality television. All we see with Hollywood celebrity is what we get to view on TV, but with this book, it gives us an inside scoop of the backstage of the industry. We get to understand the inner workings of the celebrities’ minds and concerns; as well as how they lead a normal life behind the silver screen.

As entertaining as the book is, it is also insightful, giving us a clue on a basic criteria no matter what field you work in - relationships. You do not have to be a Hollywood enthusiast to have a good time reading this book, as it is written in an engaging style that gets the reader to become part of the story. It is a good book for everyone, an enjoyable evening read to those that want to get an inside look of the lives of the rich and famous in Hollywood, this is it.

Shep Gordon has been able to narrate his personal stories and experience in a light hearted fashion. He has shown us the resilience of someone who has the desire to succeed while having fun doing what he loves. Get the book today and digest the anecdote, Gordon has shared in this book his formula to live a fulfilled life.

## Why Should You Be Saving?

People usually have varying opinions on savings and how it should be done. Some believe saving money is a waste of resources and should instead be invested; others believe saving should be part of one’s financial plan. Truthfully, there are countless reasons to save money. Most importantly, it can protect you in the event of a financial emergency. (COVID-19 anyone?) But it can also help you save for a large purchase, avoid debt, reduce stress, leave a financial legacy, and provide a greater sense of financial freedom.



Let us look and understand the school of thought as to why savings should be an integral part of your financial strategy.

**Financial Security** - With adequate savings, you will have what Dave Ramsey coined an “emergency fund.” This nest egg does not only provide you the ability to pay for unknowns (i.e., car accident, medical emergency, etc.), it also helps on the psychological end. Just knowing you have money set aside for emergencies, relieves a certain amount of stress about the future unknowns. Get in the right habit no matter what your starting point is at the moment...make a routine of saving monthly.

**Compound Interest** - If you are going to have any kind of wealth at all, you will need to use the power of compound interest. If you spend everything you make and never learn to save, you will miss out on a valuable financial opportunity. Compound interest can be a very powerful tool but it takes time to work its magic. You can’t just start to save one day and have amazing results the next. But the most important thing you can do, is start saving right NOW!

**Home or Business Ownership** - If you are looking to invest in a venture or purchase a home, you will need a chunk of money to get started. Making any kind of large purchase like that requires a certain amount of capital to get things off the ground. Having a savings available at your fingertips helps make the complicated process of large purchases go more smoothly and quickly. Not to mention, the numerous unexpected expenses that arise when you are purchasing a home or starting a business.

**Education** - You know what is super expensive? College! (And truth be told, these days so is elementary, junior high and high school.) The only way to afford it is to start saving now. As soon as our children were born, we started setting money aside for their future education. Now that they are older, college is even more expensive than we ever dreamed! And those of you with little ones will be saying the same thing 18 years from now. So start early and allow your money to get the maximum growth potential.

**Financial Independence** - One of the best parts about being an adult is having the independence and freedom to make our own decisions. But the less you save and the more debt you accrue, the less independence you will have. So if you want financial independence, you need to beef up your savings.

Savings is important for countless reasons. It provides security, stress relief and freedom. And if that isn’t enough reason, you won’t have to look far to find more that resonate with you. Whether it’s to protect your family, have financial freedom, make a big purchase or just have a little fun, you owe it to yourself to prioritize saving.



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**Patrick P. Phancao**  
&  
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2020 has been such a rollercoaster ride, we don't want you to forget that November is the traditional, and some consider, the greatest holiday of the year – Thanksgiving! COVID-19 has been tough, but I assure you it could have been even more challenging if we were in a different country. Thus, as we always advocate, let us be thankful for where we are.

We want to take this opportunity also to *thank you!* It is because of your continued commitment to your family that you give our firm a purpose and a reason to thrive. We are happy to be part of this journey with you. It is a responsibility we do not take lightly. Every year, we aim to get better, learn more, and better ourselves so we can be here for you and your loved ones to turn to in times of need. Remember, you don't always need to be 'corporate big' to make an impact. And that is exactly what we choose to do.

Have a great upcoming Holiday Season, and we will see you next year!

