

MAKE THINGS EASIER FOR THE PEOPLE YOU LOVE.

Why You Need an Estate Plan. Today.



FOCUSED ESTATE PLANNING

Eight questions it's best to answer now.

No one can predict the future, but one thing is sure: If we leave unanswered questions about how to settle our affairs, life for those we love could be even more difficult. Estate planning documents are put into effect during your life, that's why answering questions now—and formalizing them in an estate plan—is an important step that shouldn't wait.

Doesn't everything go to my spouse?

See Asset Titling & Beneficiaries, page 6

Do I have the right beneficiaries on my accounts?

See Asset Titling & Beneficiaries, page 6

If I'm out of it, who will call the shots?

See Powers of Attorney, page 8

Who gets what when I'm gone?

See Wills, page 11

Who will take care of the kids?

See Wills, page 11

Would a trust make sense for me?

See Trusts, page 12

How can I preserve more money for my heirs?

See Tax Planning, page 15

Who knows where to find my records?

See Asset Inventory, page 19





We are here to help.

Principal attorney, Eric Gullotta, is always available to our clients. At GLG we do not embody traditional law firm practices, we offer simple and straight forward explanations to complex legal problems. As a CPA as well as an attorney, Eric is always keeping an eye out for your taxes so you don't need to hire a separate CPA. Keeping things light yet serious, we are able to explain your estate planning like no other firm. By utilizing flat fee billing (as opposed to hourly) we encourage our clients to ask questions and really participate in the process – after all, how can we create a great plan for you without your input?

Questions? Call us today at (707) 938-7234, Monday through Friday from 8:30 a.m. to 5:00 p.m. or find more information at www.SonomaProbate.com

What exactly is an estate plan?

An estate plan is a collection of documents that specify how you want your money and other assets distributed, making it possible for your loved ones to handle your affairs during a time of grief, death or incapacity.

On top of that, an estate plan can:

- Identify someone you trust to make decisions for you if you become incapacitated.
- Specify **who will care for your minor children** if you're unable to do so.
- Minimize estate taxes and other transfer taxes.
- Help avoid the costs, publicity, and delays of probate, which is the **court-supervised process** used to value your estate, settle any debts, pay taxes, and transfer assets to your heirs.

Who needs an estate plan?

You do. If you're young and single, you may need only a few relatively simple documents, such as beneficiary designations and medical and financial powers of attorney. If you have children, you need a will to name a guardian and consider life insurance for their care. If you have real estate or assets over \$150,000, you need one or more trusts to help control how your assets are taxed, managed, and distributed.

Already have an estate plan?

Great! Just be sure to review your plan regularly, and make updates as things in your life change so it continues to reflect your intentions.

Our rule of thumb is, if there is a change in composition of your family (marriage, divorce, birth or death) call to see if it is time to update your plan, otherwise have your plan reviewed and updated every 10-15 years. **Phone calls are always free to existing Gullotta Law Group clients.**



ESSENTIALS FOR EVERYONE

- Wills
- Asset titling and beneficiary designations
- Powers of attorney
- Advanced Health Care Directives

ESSENTIALS FOR MOST

- Trust
- Life insurance and tax planning

What happens to your assets when you're gone?

WHERE DO YOUR ASSETS GO?

Assets you hold with another person, such as your spouse, can go to them directly, depending on how the assets are titled, but there are drawbacks to this. Read more about asset titling on page 5.

Assets in accounts that designate a beneficiary go straight to that person. These can include life insurance, retirement accounts, and other custodial accounts. You'll want to keep these designations up-to-date, as they override your will or trust.

Assets held in the name of your trust get distributed according to the terms you set out in your trust document. They are also available during your life for your care if you become incapacitated.

All other assets, such as those held by tenants in common, will go through a legal process known as probate. This will happen whether or not you have a will. Only a trust avoids probate. While having a will greatly helps the court understand and carry out your wishes, it does not override decisions you've made to title assets jointly, name designated beneficiaries, or establish trusts. Only a trust can distribute your assets and avoid probate.

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Asset Titling and Beneficiaries

Two easy ways to say who gets what; asset titling and beneficiary designations.

Asset titling

Titling (the official name on your bank accounts) assets jointly with rights of survivorship is an easy way to **ensure that they pass without delay to your heirs**. For example, assets you hold as joint tenants with another person, go directly to them without the need for a will, a trust, or probate.

Title with care

Titles have specific legal meanings and take precedence over wills and trusts. Because your assets may have been titled years ago when you first opened an account or made a purchase of real estate, it's **important to check and make sure that titling continues to reflect your intentions**.

Naming beneficiaries

For assets such as retirement accounts, insurance policies, and annuities, you are asked to name your beneficiaries—those you want to inherit the assets when you first open an account. For non-retirement accounts, you probably won't be asked to name beneficiaries, but you can elect to do so as an **easy way to avoid probate**.

What to do now

Check and update titling and beneficiary designations for all your accounts to be sure they are optimized and current. Ask your bank about naming a beneficiary for your accounts the next time you visit or contact your bank.

How to pass assets without a will or probate.

Hold and title assets jointly for:

- Bank and brokerage accounts
- Deeded property
- Registered vehicles

Assets pass directly to the surviving joint tenant(s) or surviving spouse when titled as follows:

- Joint Tenancy with Right of Survivorship
- Community Property with Right of Survivorship

Name beneficiaries for:

- Bank and brokerage accounts you hold individually
- Retirement accounts
- Insurance policies
- Annuities

Assets pass directly to beneficiaries named on account beneficiary forms.

Consider a trust if:

- You have minor children
- One or more pieces of real estate
- Have a special needs child
- Kids who spend too much!



Give your heirs faster access to your assets and avoid the costly probate process by utilizing a living trust.

Why you want to avoid probate.

Probate is the legal process used to validate your will and settle your estate. **It can be costly, take time, expose the details of your estate to public scrutiny, and freeze assets at a time when loved ones may need them most.** By seeking to avoid probate, you not only save your loved ones time but also money - lots of it! The probate process is expensive but also a real hassle for your beneficiaries.

Do you really want to put them through the hassle?

Probate costs: 1%–6% of estate's market value

Time required: 6–9 months minimum; can be 2 or more years



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Powers of Attorney. Name someone to act for you.

If something happens, you may need somebody to take over your finances or health decisions.



There are **several types of powers of attorney (POAs)** that can authorize someone to act on your behalf. However, a durable POA is the only type that is effective even if you become incapacitated. It can be written to take effect immediately or only **if you are no longer able to make your own decisions**. Like all POAs, a durable POA expires at death.

- Financial POAs are created for your bank or brokerage accounts, 401(k)'s, annuities, life insurance, DMV or for Social Security; allowing access in times of need.
- Medical POAs name a trusted person to make medical decisions for you and allow you to give certain directives.
- Advanced Health Care Directives allow you to state what type of medical treatment you do or do not wish to receive if you are too ill to direct your own care and help avoid costly delays.

What to do now.

Contact us to review or draw up POAs that are appropriate for your situation.



A SOLUTION FOR UNMARRIED PARTNERS

If one partner is hospitalized and needs someone to make medical decisions, the other partner, if not legally a spouse or next of kin, may be unable to step in even though he or she may be most qualified to do so. Preparing Advanced Health Care Directive solves this problem. Particularly important for same sex partners, or any unmarried yet dedicated couples.



Life insurance

Protect the future for your loved ones. Use life insurance to provide financial security for those who depend on you.

For many of us, life insurance is a critical part of estate planning. Here are some good reasons to invest in life insurance, and the times when you may need it most:

- **Income replacement.** Term life insurance can be a vital resource for your loved ones to help replace your income, pay off the mortgage, or fund your children's education in the event of your death.
- **Terminal illness.** Some policies allow you to access a percentage of your policy benefit over your lifetime if you become terminally ill. The proceeds from insurance can help cover unexpected expenses or medical costs at a time most critical to you and your family.
- **Estate taxes.** Insurance proceeds can be used to pay estate taxes, preserving your estate for your beneficiaries.
- **You own a business.** Life insurance can be used to cover outstanding business loans, provide financial stability after the untimely death of a key employee, or secure cash needed to fund a buyout by a surviving owner.

Not everybody needs life insurance, but most do. For example, you may not need it if you're single with no children or dependents, or if you have enough assets of your own to provide for family and heirs. However, if you have dependents, then you should definitely consider life insurance.

What to do now.

We can help coordinate your estate plan with your life insurance and put you in touch with a qualified financial advisor so you can acquire life insurance.



HOW MUCH LIFE INSURANCE DO YOU NEED?

As a general rule of thumb, consider coverage equal to six to eight times your annual salary. For an estimate reflecting your own situation, call us today for a free consultation at (707) 938-7234.

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Leave no doubt about your wishes.

If you have young children, you need a will. Period.

A will is the legal instrument you use to name guardians for your minor children.

Without a will, the state will choose a guardian from among your relatives, and it may or may not be the person you would have chosen.

A trust will allow you to fund your child's financial future without giving them access to everything at age 18, by including provisions that limit their access to their inheritance.



By creating a will or trust, you can arrange for your possessions to be distributed and managed the way you want.

Why create a will or Trust?

These documents specify how you want your assets distributed, including items with both financial and sentimental value. Even though some assets will pass to your designated beneficiaries or joint owners, repeating the instructions in your will or trust can help prevent misunderstandings with other family members.

Beyond specifying how your assets should be distributed, in your will you can:

- Name an executor to settle your estate and manage the probate process, which is a court-supervised process used to validate your will and distribute your assets.
- Name a guardian for your minor children.
- Provide direction regarding how debts, taxes, probate fees, and other costs are to be paid.
- Designate assets to be placed in a trust for family members or other beneficiaries (unless a trust is created during life).
- Designate someone to manage the financial affairs of an incapacitated beneficiary.

How to have a will prepared.

The way to ensure that your will becomes effective is to have it prepared or reviewed by an estate planning attorney.

What to do now.

Choose our office to draw up your will and help you decide whether you need a will or trust. We will examine your situation, make a recommendation and even let you know what your plan will cost before you commit to anything.

Decide how you want things to be.

Answering these questions ahead of time will simplify the process:

- Who should inherit your assets and in what proportions?
- Who should care for your minor children?
- How much is needed for your children's care and education?
- Who should manage your financial affairs if you're incapacitated?
- Who should be responsible for distributing your assets?



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Control and preserve your assets with a living trust

Using a revocable living trust to **avoid probate** is the **staple of many estate plans**, but a trust is so much more than that. It can offer many other benefits to your family or beneficiaries. Furthermore, not only does a trust save your family money after your passing, but it can serve you during life as well.

Why you may need a trust

Depending on your circumstances, we may advise you to set up a trust or combination of trusts to achieve one or more of the following objectives:

- Distribute assets without the cost, time delay, and publicity of probate.
- Reduce your estate tax bill.
- Provide a way to manage your assets if you are incapacitated.
- Create your own rules for how assets will be distributed and name a trustee to carry them out.

What a trust can hold

You can set up a trust to hold and govern all kinds of assets, such as bank accounts, real estate, securities, mutual fund shares, limited partnerships, life insurance, personal property and much more.

Living trusts

While there are many types of trusts, the most commonly used is a **revocable living trust**. With it, you transfer ownership of assets from your name to that of the trust. After you transfer the assets, you maintain the same access to and control over those assets as before. You can buy, sell, trade, and freely move assets in and out of the trust. **You lose nothing, but you gain the assurance of knowing that your wishes will be carried out if something happens to you.** You don't even need to file separate or different tax returns.

After your death, the trustee you appointed assumes control of the trust, paying taxes, managing assets, and making distributions to beneficiaries according to your wishes.

Neglecting to retitle assets to a trust once it's been set up is one of the most common oversights in the estate planning process. Assets are not governed by the trust until they've been retitled in the name of the trust.

What to do now

Give us a call for a free consultation to determine what type of trust you may need.

Trusts vs. Wills

Like wills, trusts specify how assets should be distributed, but with important advantages. Unlike wills, trusts are not subject to probate—so assets can go immediately to heirs without the need for court approval. And trusts are private documents, making them more difficult to challenge. You should still have a will, but mainly to appoint guardians for minor children and to take care of other matters not covered by beneficiary designations, account titling, and trusts.



Take steps to make your documents last.

Changing estate laws.

Why create a plan that has to change with the tax laws that seems to be ever changing? Our office can create documents that not only can roll with the changes in your family, but also with the changing estate tax laws. By creating documents that can weather the storm of time, you not only save money, but you also get piece of mind.



Tax Planning

Transfer wealth, not taxes.

Estate taxes, income taxes, and transfer taxes could diminish your estate by as much as HALF. Trusts can go a long way toward reducing taxes, but making gifts during your lifetime can help save on taxes while giving you the added benefit of watching loved ones or charities use your gift while you're alive.

Here are four things you can do to preserve more of your assets for your heirs.

1. Take advantage of gift-tax exemptions.

You can give up to \$15,000 (\$30,000 for spouses who "split" gifts) to any number of individuals without incurring gift tax. Amounts over the annual limit apply toward a lifetime exemption amount.

2. Consider custodial accounts for gifts to minor children.

With a custodial account, you can make gifts to a minor child (tax-free up to the \$15,000/\$30,000 limits) and manage the account on the child's behalf until he or she reaches majority. Withdrawals can be made at any time as long as they are for the benefit of the child, and the account must be transferred to the minor when he or she reaches 18, 21 or 25.

If you want to transfer a substantial amount of wealth to a child, consider a trust, which can offer more flexibility, control, and protection than any other type of account.

3. Help fund college with a tax-free gift.

Using a 529 account, you can give five times more than the annual tax-exempt limit ($\$15,000 \times 5 = \$75,000$, or \$150,000 for spouses who "split" gifts) in a single year, without incurring gift tax. Simply file a gift-tax return to treat the gift as if it were made in equal payments over five years.

4. Leave a lasting legacy with a charitable gift.

Donor-advised funds, private foundations, charitable trusts, and other charitable vehicles enable you to pass on your commitment to philanthropy. Funding a charitable vehicle gives you a current-year income tax deduction while removing assets from your taxable estate.

What to do now.

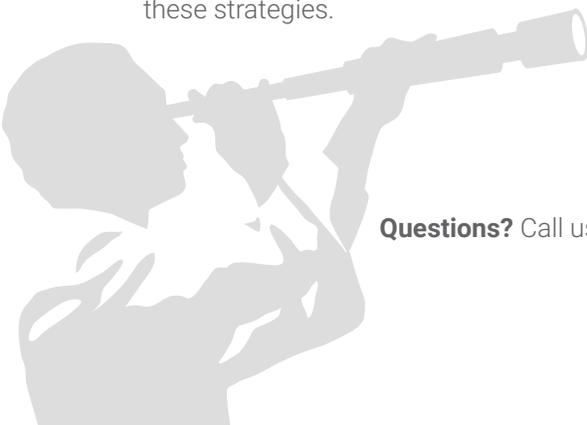
Ask us to help you with your tax planning needs to learn how to implement these strategies.



Consider a Roth IRA conversion.

If you think you won't need all the assets in your traditional IRA during your lifetime, consider converting all or part of it into a Roth IRA. Doing so could help minimize taxes for your heirs and maximize compounded growth on your investments.

To learn more about Roth conversion benefits and considerations, contact your tax professional.



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How to get estate planning done

	WHAT YOU CAN DO	WHAT WE CAN DO
Take inventory	List your assets, your debts, and other relevant details	We can help you compile this information and decide what's important.
Create a plan	<p>Establish your needs and goals and prepare to meet with us.</p> <p>Think about where you want your assets to go and who will play the following important roles:</p> <ul style="list-style-type: none"> • Guardians • Beneficiaries • Power of attorney • Executor • Trustees/successor trustees 	<ul style="list-style-type: none"> • Develop a plan to control, manage, and protect your assets. • Explain your options around trusts. • Offer suggestions to help make these decisions.
Put your plan into action	<p>Title assets into the proper form of ownership, particularly assets that we have identified for your trust.</p> <ul style="list-style-type: none"> • Make appropriate beneficiary designations. • Provide for asset management if needed. 	<ul style="list-style-type: none"> • Draft your will and trust and name a guardian if you have minor children. • Draft AHCD and POAs, that work with your financial institution to ensure that their specific requirements are met. • Prepare your transfer documents and record them properly directly with the correct organizations.
Update your plan regularly	Review and update your documents and accounts as life events or changes in laws dictate.	<p>Make sure to consult with us when your situation changes.</p> <p>CONSULTS ARE FREE FOR CURRENT GLG CLIENTS</p>
How much does it cost?		Plans start at \$1,950, depending on complexity and ongoing services and increase in price based on complexity and other factors.

Choosing Gullotta Law Group as your Estate Planner

If you don't already have an estate planning attorney, to ensure that you feel comfortable with the professional you select, here are some good questions to consider when choosing us:

- Have we practiced estate planning law for at least five years? **YES**
- Is 100% of our practice devoted to estate planning? **YES**
- Do we carry professional liability insurance? **YES, \$3 million dollar policy**
- Do we offer a free initial consultation to discuss your needs? **YES**
- Do we bill on a fee-for-service basis versus an hourly basis? **YES**



From the very first moment we met him, we were impressed by his professional and polite manner. He also had a good sense of humor when appropriate. This made us feel instantly at ease and very comfortable discussing our long overdue need for establishing a will and

family estate trust. Mr. Gullotta had a wonderful way of presenting the complicated details in simple language that made estate planning easy to understand. – **Mark and Sabrina, Glen Ellen.**



When my fiance' and I met at his office, within the first few minutes we KNEW he was the attorney to help us". He is genuine and honest and was able to successfully achieve our positive outcome. I would highly recommend his services to anyone!"

– **Faye and Tom Brown, Sonoma.**

Eric is a true professional with the humanity to care and the expertise to provide the utmost in legal service. I was confident from the first conversation that he would listen and guide me in the process of completing my Living Trust. – **Cathy, Sonoma**

Eric and staff made the process 'painless.' They answered all of my concerns and were very patient with my erratic schedule. I wish I had done this years ago. They were awesome!! – **Heidi, Santa Rosa.**

An attorney is someone you seldom are excited about engaging. However, life presents situations that you simply cannot navigate alone. Eric stepped in with a complete understanding of my situation, a charming yet stoic bedside manner, an effective and efficient goals-oriented approach, and delivered everything as promised. Easily the most helpful person I worked with during a difficult, helpless time. It's not that I would just consider Eric to assist me in the future, I simply wouldn't consider anyone else. He is exceptional.

– **Jeremiah, Sonoma**

Working with Eric and his staff was a joy, everyone was professional and friendly. They made the process quick and easy to understand. When I needed more time before finalizing my estate plan, there was no sales pressure to get it done, just a happy "let us know when you are ready."

– **Sharon, Sonoma.**

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How we can help

Complimentary services to help you get started.

In this guide, we've highlighted the essentials of estate planning, and we'd be happy to discuss these concepts in more detail and answer questions you may have. We can help you both before, during and after you work with us, and there's no cost for our assistance.

Before you hire us

- We work with you to explore your options via our free consultation.
- We provide referrals when necessary if we aren't the best fit for you.

After we develop your estate plan, we can help you put your plan into action.

We can:

- Title your real estate and pay all fees.
- Help change or add beneficiary designations.
- Help you retitle stock certificates so that these assets pass according to your plan.
- Assist you in consolidating your bank and brokerage assets to help make your estate easier to manage, now and in the future.
- Provide no cost advice and consult to be sure your plan functions properly.

Asset Inventory

Take your first step in estate planning.

Tell your loved ones where they can find your legal documents, and make an inventory of your accounts, assets, and insurance policies.

We can help make this list.

Make it easy. Make a list.

Think about what it would be like if a family member or friend suddenly had to locate all your bank records, insurance policies, loan documents, and other details of your finances and personal life. By making a list of these items—an asset inventory—and telling someone where to find the items, life will be much simpler for those who may need them.

Your asset inventory can also be helpful now. If you decide to have a will, a trust, or other estate planning documents prepared by our office, your asset inventory enables us to quickly analyze your estate before making recommendations and drafting a plan.

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ERIC S. GULLOTTA, ATTORNEY AT LAW



I am a Sonoma County native. I was born in Petaluma and raised in Sonoma and Glen Ellen. I love my community and give back when I can. I pride myself on providing a professional yet relaxed environment where we can solve your estate planning or probate needs. By operating in a positive atmosphere, success and satisfaction are accomplished.



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