



In support of **The Improving Financial Awareness & Financial Literacy Movement** built around the strategic venues of

- April known as *Financial Literacy Month*
- October known as *Estate & Gift Planning Awareness Month*

This feature column contains some very important messages

Improving Financial Awareness & Financial Literacy Feature Column Series **011 Issue | Vol 1| 2021**

It's time to protect your family & your future

In support of The Improving Financial Awareness & Financial Literacy Movement personal finance content blitz built around the strategic campaign venues of April known as Financial Literacy Month and six month later during October known as Estate & Gift Planning Awareness Month, the following estate & gift planning article contains a very important message.

Over 50% of our adult population (120 million adults) do NOT have nor realize the importance of not having a current or up-to-date estate and gift plan to protect themselves and their family's assets; that can include half your family, friends, and associates.

Estate and gift planning is a financial process that can protect you and your family and is a very important component of your overall financial planning. Now is the perfect time to put your estate planning house in order.

If you don't have an up-to-date estate plan and you happen to get hurt or sick and cannot manage your financial affairs, the courts will have to appoint someone to manage them for you.

The person they appoint might not be the one you would want to perform those tasks.

Without an estate plan, when you pass away, your affairs will be settled by default through a complex legal system called "probate." The handling of your financial affairs can turn into a costly and frustrating ordeal for your family and heirs. Your assets may not pass to their desired party, and there is no way for your assets (significant or modest) to get to their favorite charities or causes unless some advance arrangements are made.

The crafting of a good estate and gift plan starts with planning, followed by the proper drafting and signing of appropriate legal documents such as wills, trusts, buy-sell agreements for business owners, durable powers of attorney for financial management, and an advance health-care directive or health-care power of attorney. Having these documents in place saves you and your family a lot of money and time at a very difficult and emotional time.

Your estate planning should also address the coordination of the way you hold title to your various assets, your beneficiary selections, and the possible transfer of certain assets while you are alive.

TODAY'S THOUGHT

"The only person who doesn't need an estate & gift plan is the one who lives forever and never gets sick."

-Your **financial PARTNER**



The FINANCIAL AWARENESS Foundation

A 501(c)(3) Nonprofit Organization Dedicated to Significantly **Improving Financial Awareness & Financial Literacy...™**

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Regardless of the extent of your net worth, estate planning is important for everyone. Complex strategies may be used by wealthy people to reduce death taxes and costs. Others may only require a simple will and/or trust to pass on property to their heirs and provide for minor children.

Even if a simple will and power of attorney is all you require, an estate plan is an essential part of your financial and gift planning. Everybody will need it someday. The time to address or update your estate plan is now.



1. DEFINE YOUR GOALS: What do you want to happen to your assets in the event of your death or disability? If your beneficiaries predecease you, who are your alternate selections? How will your assets be distributed, and when will these distributions take place?

- ❑ Decisions on distribution of your estate assets should consider the size of the estate, the ages and abilities of your children, and your personal desires. For example, a distribution to children over time might consist of 10 percent of the estate at age 18, 25 percent at age 21, 50 percent at age 24 or upon completion of college, and the balance at age 30.
- ❑ Choose your appointees for important roles: Who will be your executor and, if applicable, trustee and/or guardians? It is advisable to list at least a first and second alternate for each appointment in case your first choice is unwilling or unable to serve.
- ❑ If you have children who are minors, the appointment of a guardian is probably the most important decision you'll make. With the court's approval, this person, or persons, will raise your children. Consider appointing a family member and spouse, or another close couple who'll care for your children the way you would want.
- ❑ You may want to consider listing multiple executors, trustees and guardians to serve together in handling the details of your estate. This can provide a check-and-balance system for the appointees and help them avoid oversights or misappropriations. Consider appointing family members, friends, professionals, advisers and/or trust companies for this position.

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- There is some risk here: If these people disagree and have problems, they can each be represented in court by counsel paid for by your estate, so be very careful in making your selections.
- Living trusts have become popular because less administration is required in comparison with a will. Be aware that having a living trust does not eliminate the need for a will and administration at either the first or second spouse's death.
- To get the benefits of the trust, certain details must be attended to, and this is the job of your appointees. For example, leaving a trust for the surviving spouse requires that the trust be funded properly and in a timely manner at the first death, or major tax benefits can be lost.
- Is estate privacy an issue for you? Do you want your estate to be public record upon your death? Do you have any special gifts you want made to charity? Do you want an elderly parent or friend to be financially cared for? All of these circumstances should be noted in your plan.

2. GATHER & ORGANIZE YOUR DATA: There are three basic tasks to be accomplished:

- Review and update your financial position.
- Review how you hold title to your assets. Is it consistent with your estate plan?
- Review your beneficiary selections. Are they aligned with your estate plans?

Did you know that how you hold title to assets has a higher legal priority than your will? For example, if you and your best friend held title to an investment club account as joint tenants and you died, the property would revert to your friend even though you had willed your interest to your spouse.

3. ANALYZE YOUR SITUATION: Start by determining your current net worth, assuming your death occurred today. This can be done by totaling your current assets and liabilities, and adding the value of any life insurance.

Try sketching a picture or flow chart of your existing estate plan. Review your appointees:

- Executor
- Guardian of the Person/of the Property
- Trustee
- Power of Attorney - Financial Management
- Advance Health-Care Directive or Health-Care Power of Attorney

ESTATE & GIFT PLANNING ALERT

Major estate and gift planning tax laws are under consideration, check with your advisors to make sure your plans are in order.

On December 22, 2018 President Trump signed into law the “Tax Cuts and Jobs Act” (TCJA). This new law contains massive changes to personal and business income taxation. It also touches on Gift / Estate / Generation-Skipping transfers (GST) Tax Exemptions doubling the estate, gift, and GST tax exemptions indexed to inflation. For 2021 \$11.7 million per US domiciliary; that’s \$23.4 million per US couple! Like many individual provisions these will expire after 2025 unless it’s addressed in future tax acts. The gift tax exclusion per donee is \$15,000 in 2021. The top estate, gift, and GST tax rate is 40%.

Portability – Beginning for taxpayers dying after Dec. 31, 2010 the estate tax exclusion becomes “portable” between spouses. This means that the surviving spouse’s exemption is increased by any exemption not used at the first spouse’s death. However, this is not automatic; it must be elected by timely filing a 706 estate tax return.



Carryover Basis – For most capital assets transferred at the time of death the beneficiary receives a “stepped up” basis to its fair market value at the date of death. Check with your financial advisors for updated information.

4. DEVELOP YOUR STRATEGIES: With the assistance of your estate planning advisor(s), identify the legal documents that need drafting or make any necessary adjustments to existing documents. Determine any other actions that must be taken for your wishes to be carried out.

5. IMPLEMENT YOUR PLAN: Do what needs to be done -- i.e., update or create new wills, trusts and powers of attorney, adjust title to your properties, change alternate beneficiaries of retirement plans and life insurance policies. Consider making current or planned gifts to family and your favorite causes and nonprofits. Provide your executors and trustee with a location sheet as to where you keep things

6. TRACK & MONITOR YOUR PROGRESS: Check your estate and gift plan annually or any time there are changes in your family situation or net worth. Use your financial



How are you doing with your other areas of your personal financial management?

Complimentary Copy of the
Your *financial* PARTNER System 

In the spirit of Improving financial awareness & financial literacy we would like to share with you a complimentary copy of Your *financial* PARTNER System. To get your free copy click here.

Visit The Financial Awareness Foundation’s website to learn more about The Movement and financial, estate and gift planning.

www.TheFinancialAwarenessFoundation.org



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Introducing... The Financial Awareness Foundation (TFAF)

TFAF is a 501(c)(3) USA based nonprofit organization. Its mission is to significantly help solve a major social challenge dealing with the lack of financial awareness along with the financial illiteracy epidemic. They believe that teaching financial awareness, financial literacy and the essential principles to smart money management are so very important. This provides people the tools of empowerment for making lifelong informed money decisions, giving them the best probability of living a quality life without outliving their wealth; and for passing on personal values, knowledge & assets to future generations to make their lives & this world a better place.



TFAF has two main focal points and they revolve around:

- Taking an active leadership role to recognize organizations and their management that are championing improving financial awareness and financial literacy. Unite them with other associations, organizations, nonprofits, educational institutions, municipalities, employers and the news media to actively focus their vast community resources into **The Improving Financial Awareness & Financial Literacy Movement** around a growing concentrated personal finance content media blitz every six months through the strategic campaign venues none as **Financial Literacy Month (April)** and **six months later Estate & Gift Planning Awareness Month (October)**.

The plan is to touch the majority of the general public, high net worth individuals, financial service and nonprofit professionals and their organizations at least twice a year through these strategic venues, with educational and motivating reminders to get and keep their financial house in order with current financial, estate, and gift plans.

<http://thefinancialawarenessfoundation.org/pdf/TFAF-PublicSupportfortheImprovingFinancialAwareness.pdf>

The Movement began in the USA over a decade ago; global financial literacy initiatives are increasing; we are contacted regularly for assistance, content, and ideas from around the world. In 2018 we began The Improving Financial Awareness & Financial Literacy Movement in several East African Countries. This will touch ~ 150 million people; modeled after our work in the US. In 2020 we began Movements in Ghana, Brazil, and India. We now have The Movement is developing within 7 countries and 4 continents. We also have initiated development activities and discussions for **The International Improving Financial Awareness and Financial Literacy Research Centers** within 12 Universities, (and growing) domestically and internationally. They are planning on taking leadership roles within the countries and community's improving financial awareness and financial literacy activities.

<http://www.thefinancialawarenessfoundation.org/pdf/TheMovementWorldWide.pdf>

- Delivers and develops exceptional educational content and programs for We The People - the general public – rich to poor; and for financial service, nonprofit, and charitable gift planning professionals, and educational institutions that support the public's financial and estate and gift planning and charitable planning needs.

Organizations and individuals are never required to financially support **TFAF** in any way. They do not pay any marketing or membership fee, or contribute in order to participate in **The Improving Financial Awareness & Financial Literacy Movement**, campaigns and programs. **TFAF** also develops and distribute high quality materials at 'NO Cost' used for nonprofit educational purposes. But as a 501(c)(3) nonprofit organization, financial support and contributions are always welcomed and very much appreciated.

Valentino Sabuco is the Executive Director, and you can learn more about **TFAF**, **The Movement**, and becoming an **Ambassador, Strategic Partner, Volunteer, or Supporter** at www.thefinancialawarenessfoundation.org/



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♦ Are you aware of The Improving Financial Awareness & Financial Literacy Movement?

To help address the global lack of financial awareness and the financial illiteracy epidemic over a decade ago in the USA we began taking an active leadership role to recognize organizations and their management, and individuals that are championing improving financial awareness and financial literacy. We are then uniting them with other associations, organizations, nonprofits, educational institutions, municipalities, employers, the news media and concerned individuals to actively focus this vast community resource into **The Improving Financial Awareness & Financial Literacy Movement** with its semi-annual concentrated personal finance content media blitz around the strategic campaign venues



- ✓ **April being known as Financial Literacy Month** and six months later with
- ✓ **October being known as Estate & Gift Planning Awareness Month.** (We worked with Congressman Thompson's Office during 2007 and 2008 to help create an Estate Planning Awareness proclamation that was co-authored by 50 bi-partisan Congresswomen & Congressmen; we have helped advance and promote it since.)

The plan is to touch everyone at least twice a year through these strategic campaign venues, with educational and motivating content, reminders and tools for making wise informed lifelong financial decisions and to **get and keep your financial house in order by having current financial, estate and gift plans.**

Below is a link to our annual **The Improving Financial Awareness & Financial Literacy Report & Magazine.** This provides a sampling of the community participation, including supporting proclamations from over 20 US State Governors, leading financial service, planned giving, and nonprofit associations and their professionals, and academia and news media efforts along with a comprehensive collection of reports including how financially literate each state and country is, and so much more.

<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-FallCampaignReport&Magazine.pdf>

For financial service professionals

- ✓ **The Improving Financial Awareness & Financial Literacy Movement Can Increase Your Bottom Line**

<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-Advisors-CanIncreaseYourBottomLine.pdf>

For We The People - The General Public –

- ✓ **Supporting Improving Financial Awareness & Financial Literacy Is A Winning Opportunity For All**

<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-PublicSupportfortheImprovingFinancialAwareness.pdf>



To learn more about The Movement or become a volunteer or Ambassador or Strategic Partner in the US or worldwide.

www.thefinancialawarenessfoundation.org/pdf/TFAF-Ambassador-Volunteer-Overview.pdf

Hope you find this of interest and look forward to our meeting you.

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