



The Kobrin Kronicle

Financial & estate planning news that you can use

KOBRIN
Financial & Insurance Services

Fall 2013

What a Living Trust Review Might Uncover *By Donald B. Kobrin*

I probably review more than fifty trusts a year during my one-and-a-half hour free consultation with potential clients. Although I am an investment advisor and not an attorney, I have 15 years experience reviewing trusts and looking for errors or omissions that were overlooked or never clarified. Our attorney affiliates then do the work of fixing whatever problems have been identified.

Here are some examples of the problems we have identified, many of them multiple times.

1. The assets that should have been funded into the trust were omitted or improperly recorded.

2. Assets that should not have been funded into the trust, were.

3. The trust was written so that the deceased spouse's share of the estate was not properly protected after his or her death.

4. A "disabled" beneficiary was not properly provided for in the trust, thus jeopardizing their state benefits.

5. Powers for Health Care were not included with the trust.

6. Powers for Financial Matters were not included in the trust.

7. Life insurance policies had the trust as owner or as named beneficiary, which in

most cases, is not best for the beneficiaries.

8. Deeds to real estate were never placed back into the trust after paying off a mortgage or refinancing.

9. Named "successor trustees" were either dead, incapacitated or no longer available to carry out their functions. (It is important to note here that their named successor trustees will probably have to go to work for them many years before the estate is settled. Almost 90% of us will be incapacitated prior to our death. This might make a good case for using a professional fiduciary as a successor

(Cont. pg. 3)

Inside this issue:

Photo Gallery	2
Upcoming Events	3
Words to Live By	3
Article: Q & A Educational Event	3
Article: Planning for Financially Secure "Golden Years"	4
Invitation to a Special Event	Insert



Bridal Path—Site of Kobrin Picnic

Selling "Highly Appreciated" Assets Without Taxation

by Donald B. Kobrin

For the past decade, I have been using an estate planning tool to help my clients liquidate highly appreciated real estate and stocks without having to pay federal or state taxes on the gains. In the case of real estate, my clients didn't even have to recapture depreciation on their real estate.

The vehicle we use, through our affiliate legal firm, is called a "Charitable Remainder Trust" and is sanctioned by the IRS as a means of donating assets to a charity, BUT AT A MUCH LATER DATE, which can extend through both mom's and dad's lives and twenty years into their children's lives.

In its simplicity, the asset

or assets are re-titled into the name of the CRT and then sold. Once sold, mom and dad, as trustees of the CRT, get to choose what investments they wish to allocate the liquid funds into. At the conclusion of every tax year (December 31st) there is a known value of their collective (or single) CRT accounts. This value determines the amount of money the primary income beneficiaries (which is generally mom and dad) must take out of the CRT in the coming year.

The minimum withdrawal amount from a CRT is 5% of the December 31st value each year and can be withdrawn on any schedule, providing the entire 5% is taken

in that calendar year. This percent, however, can vary from case to case and is determined by an internal IRS calculation based on the youngest age of the trustors and the "projected" length of time of the CRT. Information gathered at a CRT inquiry will determine this percent. This withdrawal, by the way, is taken by the primary income beneficiaries as ordinary income.

When the last of the primary beneficiaries passes on, the next beneficiaries, called secondary income beneficiaries, continue their withdrawals for a maximum of 20 years or to the death of the last of them. Only then does the entire value of the CRT

(Cont. pg. 3)

Did you know... ?

- 7 out of 10 Americans age 65 and older will require some type of long term care. (Source: www.cdc.gov/nchas/fastats/olderamericans.htm)
- Regular exercise prevents bone loss and incidence of fractures; it increases the muscle strength and hence the balance and coordination. (Source: National Center for Health Statistics)
- Experts say that 30% of your retirement budget will be spent on health costs. (Source: www.surveyonwellness.com)
- An average American couple retiring at age 65 today would need a present value lump sum of \$293,000 to cover future health insurance premiums and out-of-pocket medical expenses over the remainder of their lives, i.e., expenses not paid by Medicare. (Source: Society of Actuaries)



2013 Kobrin Picnic

We couldn't have asked for a better venue or better weather! This was a fantastic day of friends, food, music and fun. We hope everyone enjoyed themselves and found time to roam the beautiful grounds, play some badminton, croquet or horseshoes. The setting was so soothing and relaxing, we hope everyone took advantage and found some quiet, reflective time amongst the stunning gardens and ponds.





What a Living Trust Review Might Uncover

(Cont. from page 1)

trustee rather than a family member or friend.)

10. The trust has been modified or marked up to the extent that it is no longer valid.

This is a short list of what ten to 15 minutes of review might turn up. Take advantage of my free consultations, whether you are an existing client or not. You never know what I might discover about your trust. ■

Selling “Highly Appreciated” Assets Without Taxation

(Cont. from page 1)

account pass on to the charity (or charities) that were named many years ago.

Also, because this is indeed a charitable donation, but at a future date, there are tax credits available to offset your adjusted gross income. The amount and nature of these credits are complicated and need to be explained at a meeting with me at my office.

If you think you might be a candidate for this amazing “tax planning” tool, set up a meeting and I will be glad to fill you in on more specific details and to see if a CRT is right for you! ■



Q & A Educational Event

by Donald B. Kobrin

We at Kobrin Financial are concerned that our clients have a complete understanding of Obamacare so we have Kenny Moeller from Santa Rosa Charities as our guest speaker who will have a presentation called “How Affordable Care Act Affects People in California”.

Here are some of the questions that will be addressed:

1. If I buy my own health insurance, does the new health law affect me?
2. If I am currently uninsured, will I be forced into the new health care program?
3. Is my current adjusted gross income a factor in determining my coverage?
4. What are the main changes to Medicare and Medical?
5. Am I covered through the low income health program?

These are just some of the questions that our expert will address. Don will also talk about the importance of covering you and your family for long term care needs and the alternatives to traditional long term care insurance.

Our additional guest speaker will be Dr. Simon Melov from the Buck Institute. The Buck Institute is the nation’s first independent research facility focused solely on understanding the connection between aging and chronic disease. Their mission is to increase the healthy years of life.

At the Buck Institute, world-class scientists work in a uniquely collaborative environment to understand how normal aging contributes to the

development of conditions specifically associated with getting older such as Alzheimer’s and Parkinson’s diseases, cancer, stroke, osteoporosis, heart disease, diabetes, macular degeneration and glaucoma.

Dr. Simon Melov, who heads the Institute’s Genomic Core, explores the role of the energy-making units inside cells, the mitochondria, which produce a chemical fuel that powers the cell’s work but which also release damaging “free radicals” that are linked to disease. In a landmark study, Dr. Melov and collaborators showed that the more vigorous pattern of gene expression found in young adults could be partially restored in older adults who followed a strength training exercise program for 6 months. Be sure not to miss this once in a lifetime event. ■

Upcoming Events:

Upcoming Public Workshop Series:

- October 10th at 5:30 pm
- October 22nd at 5:30 pm
- November 6th at 6:00 pm
- November 12th at 6:00 pm
- December 4th at 6:00 pm

Call our office to get restaurant locations. Clients welcome but must be accompanied by qualified guests.

Women Only Lunchtime Workshops

- October 17th
- November 14th

These workshops are held in our office at 12:00 noon. Please call office to reserve your space.

Special Educational Event:

Join us at Charlie’s Grill in Windsor for this informative evening. See enclosed flyer for details.

Join Us At The Movies

Enjoy one of 4 first-run movies for FREE at the Third St. Theater in Santa Rosa every first Thursday of the month at 10:00 am November through June. Kobrin Financial sponsors this monthly event for anyone over age 60.



Words to Live By

Two things define you.

Your patience when you have nothing, and your attitude when you have everything.

Author Unknown



Kobrin Financial and Insurance Services



Donald B. Kobrin, MBA

*Investment Advisor
Representative*

CA Ins. Lic. 0B11534

190 Wikiup Drive
Santa Rosa, CA 95403

Phone: 707-566-6775

Fax: 707-566-1903

Toll Free: 888-883-4415

E-mail: Service@KobrinFinancialServices.com

Our web address:

www.canUretire.net

PRSRT STD
US POSTAGE
PAID
PERMIT #470
SANTA ROSA CA

Protecting and Growing Assets for This Generation and the Next

At Kobrin Financial Services we are committed to helping our clients make the most of their retirement years and their inheritable estates through appropriate planning.

Investment advice is offered by Horter Investment Management, LLC, a Registered Investment Adviser. Insurance and annuity products are sold separately through Kobrin Financial Services. Securities transactions for Horter Investment Management clients are placed through Pershing Advisor Solutions, Trust Company of America, Jefferson National Monument Advisor, Fidelity, and Security Benefit Life.

Planning for Financially Secure "Golden Years"

There's a saying that if you have your health, you have everything. Well, that's not exactly true. Without adequate resources, you could enjoy a long, healthy retirement at a far lower standard of living than you'd prefer!

When preparing for retirement, it's vital to keep in mind the importance of secure income to maintain your quality of life during your "golden years." With retirements now stretching as long as 20 to 30 years and beyond, ensuring your retirement dollars out-live you is a paramount concern.

How Much Retirement Income Will YOU Need?

Government research has determined that most Americans need between 60 and 80 percent of their pre-

retirement income in order to maintain their standard of living during retirement. However, many financial experts have raised this figure to between 80 and 100 percent of pre-retirement income, citing skyrocketing healthcare costs, lengthening life spans, and the ever-present threat of inflation, which can rob a retirement portfolio of purchasing power over time.

Of course, how much you will need in retirement will be a function of your goals, time horizon, and spending habits. Those who want to purchase a second home and travel frequently will obviously need more than those who prefer to stay at home in their paid-off house. Consider these factors when estimating your future retirement income needs:

- Your children...are they self-sufficient or possibly in need of future financial support?
- Your parents...do they have sufficient funds for their long term care needs or will you most likely have to offer financial assistance?
- Your home...will you continue to have a mortgage payment in retirement, have your home paid off or plan to downside for greater financial security?
- Your income...will your income needs and/or living expenses decrease or escalate over your retirement years?
- Inflation...will you have additional assets available to generate income to offset inflation?

Sources of Retirement Income

Once you have estimated your target retirement income, you can begin evaluating your potential

sources of regular income. In general, your income sources will probably fall into one of these categories:

1. Social Security
2. Employer-sponsored plans (pensions)
3. Individual Retirement Accounts (IRAs)
4. Personal savings
5. Rental Income

How to Get - And Stay - On Course

How can you determine whether you're on track to reach your retirement goals, and to make adjustments if necessary? We can help by developing a sound financial plan based on your specific situation, monitor it regularly to ensure you're making progress toward your objectives, and recommend occasional adjustments to help you stay on course. ■ *Source: Financial Visions*



KOBRIN
Financial & Insurance Services

RSVP's required
Call (707) 566-6775

**Do Not Miss This
SPECIAL EDUCATIONAL EVENT**

TWO GUEST SPEAKERS:

**DR. SIMON MELOV FROM THE BUCK INSTITUTE
FOR RESEARCH ON AGING**

and

**KENNY MOELLER CALIFORNIA CERTIFIED
PRESENTER ON THE AFFORDABLE CARE ACT
(Obamacare)**

Wednesday, October 30th • 5:30-8:30 pm

Complimentary dinner served at 5:30

Charlie's Grill

1320 19th Hole Drive, Windsor, CA

RSVP's required: Call (707) 566-6775

to reserve seats for yourself and your qualified* guests.

It's a perfect opportunity to introduce your friends to Kobrin Financial.

You are strongly encouraged to bring guests to this event.

*Please only bring people that are genuinely interested in and financially able to invest and/or take advantage of the services we offer at Kobrin Financial.

Investment advice is offered by Horter Investment Management, LLC, a Registered Investment Adviser. Insurance and annuity products are sold separately through Kobrin Financial Services. Securities transactions for Horter Investment Management clients are placed through Pershing Advisor Solutions, Trust Company of America, Jefferson National Monument Advisor, Fidelity, and Security Benefit Life..