

KRAMER RADIN, LLP

A LAW FIRM

ESTATE PLANNING MATTERS

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TODAY



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Page 2

Challenges and Successes During Covid

Nearly One year into the pandemic, Deborah Radin Looks back at the firm's challenges and successes.

Prop 19: Transferring Property Tax Assessment

How CA Prop 19 may lower tax barriers for Californians over the age of 55 who want to relocate.

Page 3

Prop 19 (Continued)

Estate Planning for Digital Assets

Questions to consider to protect digital assets in your estate plan.

Establishing Trusted Contacts

What does it mean when financial institutions request that you set a "trusted contact?"



ABOUT US

KRAMER RADIN, LLP is a firm of professionals dedicated to the practice of law in estate planning, probate and trust administration, conservatorships and all aspect of trust and estate litigation.

Our team of experienced legal professionals encourages our clients to plan and administer their estates wisely to provide for their loved ones, protect their assets from unneeded legal and tax expense and carry out smooth and well-thought-out estate continuity.

Our attorneys deal with related issues including gifting, charitable giving, prevention of elder abuse and dispute resolution.

Challenges and Successes During Covid

A note from Deborah Radin:

As for so many others, the last year has provided us with countless opportunities to learn new skills, and has challenged us in ways we never could have imagined. We learned to facilitate the signing of original documents while social distancing, perfected E-Recording when circumstances demanded, discussed important legal issues by telephone and of course by video conference, and notarized countless documents balanced on the hoods of many cars. Through it all, we maintained our focus on ensuring the Firm is a safe place for all. We were privileged to continue to work with kind, thoughtful people who invited us into living rooms and kitchens (by Zoom!) and backyards and front yards. We met neighbors, friends, toddlers, dogs, cats and even chickens and goats, all while maintaining a sense of humor and perspective during very serious, trying times. I speak for all of us at Kramer Radin, LLP when expressing how grateful we are for our community. As we look towards Spring, I reassure you the invaluable skills we learned are being put to use as we continue to support each of you and those you hold most dear. We welcome hearing from our clients with comments, questions, suggestions, and even simple greetings.

Proposition 19: Transferring Property Tax Assessment

As of our printing, California lawmakers continue to seek clarity and possible delay of enactment of certain provisions of Proposition 19. The following is accurate information as of March 8th, 2021. We will inform you of any updates as soon as possible.

Many people have heard of the impact that Proposition 19 has on property taxes for transfers between parents and children, but this new law also includes increased benefits for seniors over 55 looking to move to a new area. Eligible individuals—those individuals over age 55 and certain natural disaster victims—may transfer their existing property tax assessment to another home anywhere in California, without a change in property taxes. Prior law had only allowed this transfer to occur one time and only between a few counties within California. An eligible individual may now take advantage of this opportunity up to three times and within all counties in California.

Example: Mom lives in her home in Palo Alto, which she has owned since 1980. The assessed value of Mom's home is \$300,000, and based on that assessment, Mom pays about \$3,600 per year in property taxes. Meanwhile, the fair market value of Mom's home has appreciated to \$3,000,000 over the years.

Mom wants to move to a condo in Santa Cruz County to be closer to her daughter in Aptos and the condo she's interested in is listed at \$2,000,000. For most buyers, property taxes on this home would be based on the \$2,000,000 value, which could be upwards of \$20,000. However, under Proposition 19, because Mom is over 55 she can transfer the assessed value of her Palo Alto home to the new condo, allowing her to keep her current tax bill of \$3,600 for her new home.

(Continued on page 3)

ATTORNEYS AT LAW

Deborah G. Radin - Managing Partner**

Linda C. Kramer - Founding Partner**

Nina C. Decker*

Betsy Marder Friedman

Lisa M. Kajani

Anne E. LeClair

Tricia L. Manning



*Certified Specialist, Estate Planning, Trust and Probate Law, State Bar of California Board of Legal Specializations

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CONTACT INFORMATION

280 Second Street, Suite 100
Los Altos, CA 94022
Phone: 650.941.8600 or 408.377.7845
Fax: 650.949.5648
Email: inquiries@kramerradin.com
www.kramerradin.com

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Prop 19 Continued

In the above example, the fair market value of Mom's new home was less than the fair market value of Mom's old home. Prior to the passage of Proposition 19, only transfers such as this, where the fair market value of the new home was *equal to or lesser than* the fair market value of the old home, were eligible for property tax savings. Now, under Proposition 19, if the fair market value of the new home is *greater than* the fair market value of the old home, eligible individuals are able to "blend" their old tax rate with the value of a new, more expensive home, which still results in property tax savings.

Example: Mom lives in San Jose, and the assessed value of her current home is \$250,000. In order to be closer to her grandchildren in Los Altos, Mom sells her home in San Jose for \$2,000,000, and buys a new home in Los Altos for \$3,000,000. Mom's new assessed value for the purpose of property taxes would be \$1,250,000, which is the \$250,000 assessed value, plus the \$1,000,000 increase in home value.

To discuss whether you meet the criteria for a property tax transfer under Proposition 19, contact our office for a consultation with one of our attorneys.

Estate Planning for Digital Assets

You've taken the steps to ensure that your assets are protected and your estate plan in order. You've retitled your home and accounts, and your beneficiary designations are up-to-date. What about your email accounts? Facebook account? Frequent flier/credit card rewards? Blogs? Websites (especially those which are income-generating)? Virtual currencies?

An estate plan including a person's digital assets (electronic records in which a person has a right/interest) is becoming increasingly common in today's technologically-driven society. The following are some key components to consider:

- **Do you have an inventory of digital assets?** Where are they stored online? What type of assets are they? How are they accessed?
- **How are digital assets managed after death?** Do you want your online reseller business to continue when you die? Do you want your Facebook friends notified of your death?
- **Who will manage digital assets after death?** Will this person be the same or different than the person you select to manage your physical/tangible assets.
- **Have you memorialized it in writing?** Be as specific as possible, and ensure that your attorney and named executors/trustees are aware of how to access the information.

California has enacted specific statutory guidelines known as *California's Revised Uniform Fiduciary Access to Digital Assets* which, if followed, allow a person to give an executor, administrator, trustee, or other fiduciary authority over his/her digital assets upon his/her death or incapacity. Please call our office today to schedule an appointment if you would like to discuss how these valuable assets are handled in your estate plan.

Establishing Trusted Contacts

On February 5, 2018, the Financial Industry Regulatory Authority ("FINRA") adopted a rule requiring brokerage firms to request the name and contact information of a "trusted contact person" from all new and renewing customers. The rule is intended to protect investors from fraud and financial exploitation. When financial predation is suspected, a "trusted contact person" may be contacted to confirm the investor's direct contact information or health status, including cognitive capacity or lack thereof, or to verify the identity of a fiduciary to the account holder, such as a legal guardian or agent named under a Financial Power of Attorney. Brokerage firms are required to notify customers in writing of a contact made. Because the trusted contact person will not be authorized to access your account or initiate transactions, it is important to coordinate this selection with the person or persons you have named in your estate plan as Successor Trustee, Executor or Attorney-in-Fact.

Aligning contacts with such individuals allows for ease of administration and consistency managing your assets and carrying out your intentions. If you'd like to discuss adding a "trusted contact person" to your accounts or confirm the person you've appointed aligns with your estate plan, please contact your financial advisor or Kramer Radin, LLP to coordinate an appointment to speak with one of our attorneys.

KRAMER RADIN, LLP

280 Second Street, Suite 100
Los Altos, California 94022-3642

Phone: 650-941-8600
Fax: 650-949-5648
E-mail: inquiries@kramerradin.com
www.kramerradin.com

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