

WHAT IS CALIFORNIA LEGACY PLANNING?

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Legacy planning is a more comprehensive, holistic form of estate planning. We have provided some basic ideas in this paper, and you can use these notions as a starting point.



As we are all aware, it is possible to do the bare minimum when you are undertaking a task, but you could alternately take a more comprehensive approach. This dynamic can be applied to estate planning.

You can make sure that you state your final wishes in a last will and execute some simple incapacity planning documents, and your basic needs would be met. At the same time, you could go the extra mile and engage in the process of legacy planning.

To some people, legacy planning is very meaningful. When you consciously and proactively craft your legacy, you are taking control of the way that you will be remembered to a large extent. This can be important to you, but it can be even more important to the family members that you will be leaving behind.

Preserving Monetary Resources

Legacy planning is not all about money, but we should begin by looking at the potential impact of the federal estate tax. Most people are not exposed to this tax, but those who are vulnerable should take steps to gain estate tax efficiency.

The federal estate tax credit or exclusion is \$5.43 million in 2015. If you will be transferring assets that exceed this amount, your financial legacy could be negatively impacted by the death tax. This tax carries a 40 percent maximum rate, so we are talking about a significant level of taxation.

Fortunately, there are steps that you can take to mitigate your exposure if you plan ahead with your long-term financial legacy in mind.



Charitable Giving

Your legacy plan could include acts of charitable giving. You have undoubtedly been moved by the work that has been done by worthy causes over the years, and you may have close connections to institutions that have helped you along the way.



There are various different ways that you can give something back. You may be in a position to start a charitable foundation, and most foundations in this country are working with less than \$1 million.



Charitable trusts are another option, and donor advised funds are sometimes utilized.

When you give to charity, you will be remembered for your generous nature, but under some circumstances you can simultaneously gain tax considerations that benefit your family.



Family heirlooms

When you look around to evaluate the things that you have to give to your loved ones, you will invariably identify family heirlooms that are in your possession. These items tell a tale about the history of your family, and you can carefully consider the ideal caretaker for each item when you are devising your legacy plan.



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Medicaid (Medi-Cal in California) is a government funded program that provide financial assistance for seniors that need help paying for healthcare services such as a nursing home. People must meet certain criteria in order to receive Medicaid. In some cases, trying to meet eligibility for Medicaid can leave a person with nothing, often having to deplete their net worth, or give assets away in order to qualify for Medicaid. But with a little Medicaid Planning, you can use this government benefit and still retain your estate.

Ethical Will

You have certainly heard of the legal document called a last will or last will and testament. This document is used to facilitate asset transfers, but there is another type of will called an ethical will that can be an important part of your legacy plan.

Family members will often look toward elders for moral and spiritual guidance, but people do not live forever. This has always been a troubling dynamic, and you can address this reality through the creation of an ethical will.

Ethical wills stem from the Judaic tradition, and they have been used since biblical times. You would use an ethical will to share your spiritual insight with the loved ones that you will be leaving behind.

Educational Opportunities

If you have younger family members on your inheritance list, you can provide them with educational opportunities when you are putting a legacy plan together. A direct inheritance is great, but there is no substitute for a pathway that leads to the fruition of your full potential as a human being.

ABOUT THE AUTHOR

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Roy Litherland has been providing legal services in Santa Clara and Santa Cruz Counties continuously since 1975.

Roy has an undergraduate degree in accounting from Indiana State University, and a Juris Doctor degree from Indiana University, where he graduated cum laude. In law school, he was a recipient of the Dean Faust Award and received awards and honors in income taxation and estate and gift taxation.

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Summary

Legacy planning is a more comprehensive, holistic form of estate planning. We have provided some basic ideas in this paper, and you can use these notions as a starting point.

There are no particular firm rules regarding legacy planning. You simply ask yourself how you may be able to make a difference even after you are gone. Once your goals have been established, you take action so that your vision will ultimately coalesce into reality.

If you would like to discuss your legacy planning objectives with a professional, set up a consultation with a licensed estate planning attorney.

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