August Newsletter!

by Endy Ukoha-Ajike

Common Ways of Inheriting Real Property

Part 1 of this very important topic was discussed in our July Newsletter. Part 1 addressed Joint Tenant with Right of Survivorship (JTWRS), Community Property With Right of Survivorship (CPWRS), Tenancy In Common (TIC), and the new California Transfer on Death Deed (TODD).

Part 2 deals with transfer by use of:

1. Wills
2. Trusts: Revocable Living Trusts and Irrevocable Trusts
3. Outright Gifts
4. Entities such as LLC, Limited Partnership, etc.

Join us to discuss these methods and the consequences of utilizing each at our upcoming free seminar on Thursday, August 24, 2017 with Guest Speaker and Real Estate Broker, Alex Sandoval. RSVP to join!

~ Endy

Upcoming Events

- August Seminar -

Real Estate Inheritance

Common Ways of Transferring Title to Your Heir(s)

Join us at our office for our August Seminar with Guest Speaker Alex Sandoval, Real Estate Broker.

Wine and Appetizers Included! Free to Attend. Space is Limited. Please Register to Reserve your Spot.

Date: August 24th, 2017

Time: 6:15pm - 8pm
Doors Open @ 6:15pm
Presentation @ 6:30pm

Location:
Ukoha-Ajike Law Group Office
@ Jack London Square
70 Washington St, Suite 303
Oakland, CA 94607

4 Additional Ways of Transferring your Real Estate to Your Heir(s) and Consequences of Each

1. Wills: This is still one of the most popular ways of transferring real property to your loved ones even though the use of Living Trusts is continually growing.

Consequences:

- The property must pass through probate, which is a court controlled process.
- The probate process may be lengthy, approximately 9 or more months.
- The property has to be appraised by a court appointed probate referee.
- Probate may be expensive because the attorney's fees, executor's fees, filing fees and other related costs are not negotiable and could easily add up to a high figure.

Tax Benefits:

- Beneficiaries receive a stepped up basis in the inherited property because they keep all the appreciation accumulated by their deceased relative prior to death.
- If any post death planning is done, beneficiaries may receive a lower property tax basis their deceased loved one had on the transferred property. It results in much lower property taxes on inherited property.

2. Trusts: Revocable Living Trusts are increasingly becoming the most prudent and safest means of transferring real property to your loved ones because of the benefits. A Revocable Living Trust is the go-to tool for real estate transfers due to all the

Mark Your Calendars!

Our seminars are held on a bi-monthly basis at our cozy office in Jack London Square.

Future 2017 Seminar Dates

- Thursday, October 26th

Contribute to the Conversation!

Our goal is to make our seminars as informative and interactive as possible. Please let us know if there is any topic you would like to hear about at an upcoming seminar.

Endy's Advice Corner

The most critical advice I can offer is for you to hire an experienced Tax and Estate Planning Attorney who can guide, advice and strategize with you on the best possible method or a combination thereof that is most beneficial to your unique circumstances. It is important to be flexible in case your circumstances change. Always benefits it offers.

Consequences and Tax Benefits:

- The court is not involved in the post death process unless a beneficiary files a lawsuit against the trust/trustee.
- The beneficiaries receive a stepped-up basis on the value of the property and don't have to pay tax on the appreciated value unless they later sell for more than the value of the property at the date of death.
- Data shows that transfer of property with a trust is subject to less challenges than with a Will.
- It makes estate tax planning easier if the estate value is over the estate tax amount.

**Irrevocable Trust transfers are slightly more complex and beyond the scope of this Newsletter.

3. Outright Gifts/Quit Claim Deed: Outright gifts are made and completed while the giver and receiver are both alive. It is simple and easy to do because it only requires that the giver sign a grant deed in front of a notary and record it for the gift to become a completed gift. It is effective immediately.

Consequences and Tax Disadvantages:

- The receiver does not receive the stepped up-basis that the beneficiary of a Will or Trust doe and may pay tax on the appreciation when it is sold.
- It is often challengeable as a product of duress and/or undue influence, forged signature, etc.
- The giver may pay gift tax if the value of the real property is more than $14,000.00, the annual gift exclusion amount.

** This in my opinion is the most risky way of transferring real property to your loved ones consider the tax consequences surrounding the transaction before you engage.

because the advantages are much less than the other ones we have examined.

4. Transfers Using Entities Such as Limited Liability Company (LLC), or Limited Partnership: These are the more complex and sophisticated techniques for transferring real property.
The recipient does not receive the property but instead receives the LLC or Partnership interests.

Some Consequences and Tax Benefits

- Any of these may provide asset protection for the recipient to ensure they do not lose the property (interest) they inherit.
- It provides very good tax planning opportunity for estates that may be subject to estate tax at the death of the transferor or giver.
- It is a very good tried and tested tool for multi-generational wealth transfer.

Share the news!

Share Forward Share

About Endy:
Endy is an Oakland (Jack London Square) based Tax & Estate Planning Attorney with over 16 years of experience. He has helped countless families throughout California develop individualized estate plans and has administered many estates over that period.

CONTACT US:

Phone: 510.834.9944

Website: www.ukohalaw.com

Mailing Address:

70 Washington St, Suite 303

@ Jack London Square

Oakland, CA 94607