

A Guide For Estate Planning



Caroline N. Hegedus, Esq.
Photo by Anna McGuire

By Caroline N. Hegedus, Esq.

To ensure that your estate passes to your loved ones with minimal expenditures, proper measures must be taken to minimize tax liabilities and avoid probate. Not only can probate be significantly more expensive than setting up a living trust, but passing your estate through a will or intestate exposes your family to estate taxes of approximately 45-55 percent.* In addition, the probate process can take up to two years even for a simple estate.

Many people often make mistakes regarding estate planning, with the most common being:

1. **Doing nothing.** Without a proper estate plan, even if you have made out

a will, your estate will be subject to the rules of the California probate court. If you pass on without a will, your estate will go through "intestate succession," which is determined by the California Probate Code and may not reflect your true intentions.

2. **Failing to benefit from the tax exemptions available.** Proper estate planning avoids unnecessary tax liability upon death. With proper estate planning, a married couple can be exempt up to \$4 million in assets, as opposed to only \$2 million with no planning. Proper estate planning can potentially result in a \$900,000 tax savings to the beneficiaries.

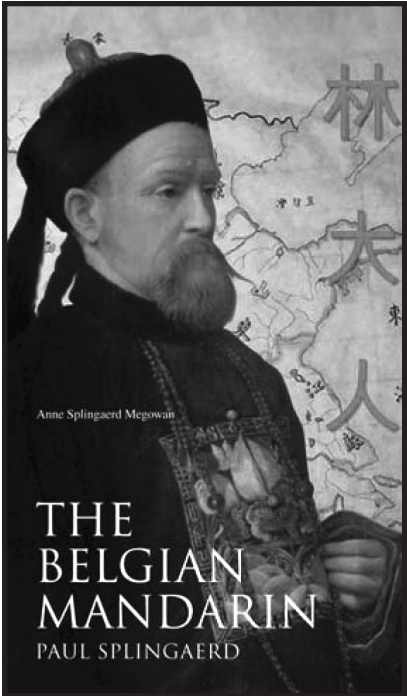
3. **Drafting a will without a living trust.** In order to protect your estate from entering probate, you need a revocable living trust in addition to your will. Without a living trust, your estate must be settled in probate court. Probate fees are determined by statute and can be up to \$33,000 on a \$2 million estate. Probate is not only expensive, but is also a public process. All probate proceedings are published thereby leaving your estate settlement open to public involvement. Alternatively, a living trust administration is more private and only involves the individuals you have named in your trust documents.

4. **Joint Tenancy.** You may have put your children or others on title to your property in order to avoid probate. However, there are several pitfalls of owning property in joint tenancy. For example, if the joint tenant has creditors, your property will be exposed to liability. If you put your child on a house you currently own, the joint tenancy must be reported to the IRS because it can potentially be a taxable gift. Additionally, after your passing, whoever inherits the property will be forced to pay a higher capital gains tax upon a sale as opposed to if they had inherited it directly from you. After your passing, if the joint tenant suffers a divorce, the former spouse can claim ownership of the property.

5. **"Transfer on Death" or "Paid on Death."** Despite your intent to avoid probate, a Transfer on Death or Paid on

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A Great-Granddaughter Shares Results of Her Longtime Search for Her Mandarin Ancestor



Anne Megowan is pointing to Tianjin, where she was born. The map is the one that she used as a background in the cover of the book, left.

By Rosalie Gray

After 13 years of research, Anne Megowan has uncovered the true story of her relative, a Belgian foundling who went to China in 1865 and became a high-ranking Chinese civil official. In the engaging and richly illustrated debut book entitled, *The Belgian Mandarin*, she tells the story of this extraordinary man who happens to be her great-grandfather, Paul Splingaerd.

"My dad did not know much about his red-bearded grandfather whose portrait hung over our mantle, nor why King Leopold II of Belgium made him a knight. I decided to find out, and I did," Anne explains.

"I love doing research, but Paul didn't leave much of a paper trail, so it was a challenge," says Anne, who tenaciously searched numerous libraries, antiquarian bookstores, and countless Google links, tracing the footsteps of her mysterious ancestor. "In the process I gained valuable insight into China's relations with the West during the late 19th Century and

a unique perspective of the dynamic China of today," she continues.

Anne's exploration took her to Brussels in 1996 to visit her ancestor's birthplace, and in 2005, she traveled to China with two cousins. "We went to Mongolia, Beijing, Shanghai and the highlight of the trip, Gansu province, where we discovered our Chinese grandmother's family in Lanzhou." The links and coincidences encountered on this quest for information on Paul have been mind-boggling!"

Anne was born in China, but left at the age of three, and lived in Hong Kong, Japan, and Mexico before coming to the United States. She lives in West Los Angeles with her husband Mike, and has three grown children. When her two older children were in elementary school, she published a children's newspaper, *The Treasure Chest*, but retired when expecting her third child.

"This is an on-going experience as information is still coming in," states Anne. She encourages anyone with information about Paul, a.k.a. Lin Fuchen, or Lin Darin, to contact her at Splingaerd@aol.com, or at www.splingaerd.com.



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