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THE PRESENT, RELATIONSHIP, BEING HUMAN

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**“At our Firm,
Your Estate Plan
is Not Business,
it’s Personal...”**



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Do not mind anything that anyone tells you about anyone else. Judge everyone and everything for yourself.

- Henry James

Ever since high school, I remember studying so hard to get into college. Once I got into college, as if the major “Law and Society” wasn’t hard enough, school counselors told me to get ready for the LSAT and that my grades would make or break my entrance to graduate school. Once in law school, it was all about what firm I would get into... based on my academic performance. Come to think of it, life is a lot about preparation. There is nothing wrong with that, we need such background work in order to function in society.

However, here is one thing we could put more emphasis on – the present.

No, not the “nirvana” type where nothing else matters. There is a flaw in that approach, as the constant striving for tomorrow does prevent you from fully developing into your own being. There is irony in that, considering the fact that most people work so hard to be better versions of themselves... for tomorrow. Being present is definitely a skillset, and one that can take a lifetime in which to hone. The great thing is that you have your entire life to get better.

Developing that single state of mind can literally make you happier and less anxious. Don’t believe me? Read the book “10% Happier” and let me know what you think. Most importantly, you will realize the power of your mind by just being so aware of the present moment.

Having visited my fair share of nursing homes, I can say without hesitation that one of my biggest fears in life would be regret. Having spoken to and represented countless elders, I have had the privilege of speaking to many people from different walks of life. Do you know how many have told me “I regret not putting more hours in the office?” Let me kill the suspense for you, none! Yes, I do spend a lot of time with my family, actually, some would consider it an exorbitant amount of time. Do you think we always get along? Heeeells no! But that is the point, we still love every minute no matter what.

It reminds me of the movie Meet Joe Black (And no, I didn’t watch it because of Brad Pitt! 😊) where the Grandmother does not resist death, but rather, she says to Pitt’s character, “I have nice pictures to take with me,” with pictures being the metaphor for memories. Well guess what those memories are made up of! It’s the people and relationships around you.

Do not get me wrong, I am ambitious. From my countless articles you may have read by now (thank you for your loyalty!) you know I strive for constant improvement. Yet, whether it’s wisdom or just the sheer bliss of kids having fallen asleep at a reasonable time, in this moment, I am grateful for all the relationships I have around me. Even the ones that have caused me a great deal of stress, they have taught me to be more resilient.

The experience of being human is a beautiful thing. As each day goes by, I seem to develop a sense of awe of both the beauty and the harshness around me. As to before, I would always aim for that ‘perfection,’ that ideal tomorrow.

Well, no more my friend. Life is just as it should be with all its current imperfections. Do I not strive for better? Of course I do. The only difference is that I embrace it all now. And quite frankly, it feels quite liberating. May you enjoy your Valentine’s Day and make the best of it! Be present, enjoy the relationship, and make the best of all the messiness that comes with that hectic experience called being human... for everything else, call us for your legal planning! 😊

SPECIAL ANNOUNCEMENT

How are your New Year’s resolutions coming along? If you are starting to lose steam, do not despair! We have a content full newsletter for you that should keep your spirits up! Not only that, it is the month of love after all, and if that can’t you keep motivated, we aren’t sure any type of ‘pep read’ will do the trick 😊. Anyhow, it is all in your perspective and attitude after all, isn’t it?

This month, let us study one of America’s greatest icons, Sam Walton, better known for having built Walmart. The one stop store for your family that provides you quality (cough cough!) and fair pricing. But all joking aside, the incredible corporation and aforethought this simple man put into creating this giant is nothing short of incredible. What made him even more outstanding, is how little pretense there was to him as an everyday person. In our day and age of social media, he would stand as one of the most unique tycoons to be around.

THE NEW TAX REFORMS

It appears that it is now official, President Trump has managed to alter the greatest tax rates the Nation has seen in quite some time. For anyone falling in the \$82,500 / year income and below, you will be looking at a savings of 3% on average. As the income ladder increases, that savings (from previous years) drops from 1% to 2%. Not bad overall, in theory. Remember, living in California, our beloved Franchise Tax Board is still hitting us with its usual 13% state income tax. Nice weather doesn't come cheap I suppose! 😬

On the estate tax front, there was much heated debate as to whether the new bill would actually kill the federal estate tax entirely. In the end, it did not quite happen. However, the final outcome... for the affluent that is, did not end up so bad after all. The estate tax exemption jumped to double the amount, and it stands to last to at least 2025. Not only that, it is also indexed for inflation. Thus, as of 2018, a single individual could have an estate valued at \$11.2 million and have it be estate tax free. As always, if you are married, you can double the amount. The law is meant to sunset, this means that short of a congressional act that should take place prior to 2025, the estate tax would revert back to \$5 million... indexed.

One last technical piece of information before you really start to fall asleep on this article! From this point forward, an estate or a trust would now be able to deduct up to 20% of the business income it receives from pass-through entities.

This is far from the outcome that President Trump intended. Look into the offshore companies and the tax planning implemented, and we would need the remainder of the newsletter articles for the year to explain its overall consequences. Interestingly enough, this is the one unintended result I believe he did not foresee. Though Mr. Trump attempted to appeal to the affluent to bring their offshore accounts and/or businesses back to the U.S., the overall tax savings (or lack thereof) was not well thought out. Overall, the tax savings he thought he would provide did not end up anywhere near what he had wished to attain. Overall, considering the complexity and all the filing requirements that such a transfer of assets would require, the final tax savings is most likely not going to be worth it to those individuals holding funds offshore.

Suffice it to say, he has made some interesting changes that will keep us all busy for the coming year. Short of an unexpected change, the overall result should end up in some savings for many small business owners and large corporations as well.

If things go according to "plan," that tax savings should entice companies to reinvest in more R&D and create more job growth and opportunities. The next couple of years should be interesting. Some contrarian, an economist by the name of Harry Dent (not to be confused with Harvey Dent, the Gotham prosecutor in Batman: The Dark Knight 😊) predicts that demographics, the single largest economic indicator, will see us go into a serious financial recession, no matter what economic incentive we try to pump into the financial system.

On the one hand, we hear exuberance and optimism. On the other, dark clouds lie ahead of us. One of these 'experts' is wrong and only time will tell which one will be standing when the dust settles. We'll be here to navigate you through those murky waters. Hang on for the ride...

Sam Walton: *Made in America*

Whenever there is a discussion about some of the greatest entrepreneurs America has ever seen, it would be impossible for Mr. Walton not to make that list. From his background, his work ethic and his humility, there are just countless lessons one can derive from reading this book and his autobiography.

Let us share with you a story about a gentleman whose humble beginnings of which you may never have heard, yet speaks volumes about his required state of mind. In the early 90's, an American citizen was arrested and put in jail in Brazil. That person was found in a Brazilian store looking underneath the shelves and measuring them. He would then take copious notes on certain products that were more popular than others, all the while asking customers about their buying habits. A security guard thought this behavior strange, and eventually called the police. He was detained, and with one phone call, the U.S.'s most powerful law firm had him released.

That gentleman was none other than Mr. Sam Walton!

Mr. Walton focused on every aspect of his business, from retail to customer service, from national to international practice. The man was simply obsessed. Well into becoming one of the wealthiest men on the planet, he was still known for driving his old pick-up truck. He would attend meetings in very casual clothing and made no fuss about peoples' appearances. Outside of his business practice, the man's moral compass was something to admire. Not to be underplayed, but this book also provided many useful business philosophies.

Among the few important lessons learned from this book which can be put into application are the following:

Good artists copy, great artists steal.

Just to clarify, Sam Walton does not support plagiarism. What he would do is emulate better ideas and put them into his own business as a strategy. He would constantly experiment to make his business better. He never pretended to come up with the most innovative ideas, rather he would look to his competitors, see what they would do better than him, and simply attempt to duplicate the concepts. He not only had to remain humble to recognize his shortcomings, but be humble enough to recognize it and be smart enough to implement such changes.

Customers always come first. Always!

We can really relate with Mr. Walton on this one. As executives, we think we owe it to the customers to give them better service, lower prices, and quality products. Walmart is not Walmart for nothing. Walmart is America's shopping store. It is the customers who determine what is good for them, so he would let his customers speak to their wants and desires, never thinking that 'he knew best.'

He always believed that customer service and quality would speak louder than any marketing could ever achieve. And thus he abided by that philosophy his entire life. Mr. Walton was the first to incorporate complex merchandising and inventory software systems, an approach that was unheard of at that time in the retail industry.

Successful employees means successful business.

What made Sam Walton stand out was how he gave back to his employees. Walmart was and is known for its frugality. But the way Sam introduced profit sharing to his employees would make them work more for the store. He knew his customers, but he knew his employees better.

This book reminds us of simple principles in business management: ideas, service, and people.

Never Letting Failure Hold You Back

Each one of us, at our core, have been taught to fear failure at a very young age. Don't believe us? Simply go back to schooling. From the very beginning, you are taught to walk within very constricted boundaries – school behavior, studying, homework, grades, performance in sports, etc. Let's not get carried away; to live in society, we all should be taught the fundamentals of proper behavior and etiquette. This is what makes a community function. This is not the focus of this discussion.

What we are referring to here is the ability to carry on and learn from every single stumbling block that crosses our path on our way to achieving our goal.

This article is not intended to tell you to keep your head down no matter what, to just 'keep believing' and work hard and you will eventually reach for the stars. Actually, we want to encourage a more pragmatic approach to learning, irrespective of whether you end up with a favorable final outcome or not.

Let us discuss the obvious, sheer stamina. How do you keep your heart in the task when facing so many obstacles? Change your perspective on the problem. As opposed to looking at your dilemma as straight line, point A to point B; break your vision in small steps. So small indeed, that you can become narrowly focused on what we term 'micro learning.' See, if you just focus on improving in small increments, you will not lose emotional stamina along the way. You will see the progress as an eventual learning skill that you can carry forward.

This is very well taught in sports. Though most eventually focus on victory, learning that skillset alone can direct you down the right path. Take tennis for example. If you focus on putting the right amount of spin on your forehand, winning or losing takes a secondary priority. Concentrating each of your shots to create that effect will enable you to stay in the present. Then, before you know it, the match will have been won.

The secret lies in staying in the moment.

At the height of his success, Jerry Seinfeld was offered \$100 million to do just one last season. You read right by the way. However, having lost his creative inspiration for the show, he realized he had genuinely ran out of things to write about; to come up with a script about a show which talked about... eventually nothing. Yet, despite his new found fortune, Seinfeld elected to go back to doing stand-up comedy in no name bars.

He had the wisdom to recognize the fact that no amount of money should compromise his love of the art.

When looking at your work/profession that way, you see it as a craft. You see a skillset that simply needs to be nourished daily. The Japanese have a term for it – Kaizen. The act of simply changing for the better. Pause daily in your morning routine, breathe in, and see your day as exactly that. A chance to improve on your skills. With that new frame of mind, 'failure' will never bring you down again, and a more fulfilled life will be inevitable.

Good luck on your journey!

PHANCAO & SHAFFER, LLP

Attorneys and Counselors-at-Law



Valentine's Day There's nothing like the smell of love right? Flowers and chocolates will be bountiful in the coming months, and frankly, we welcome it! (That's a hint for those of you wanting to show appreciation to your estate planning attorneys! 😊)

Technically speaking, Valentine's Day is not a public holiday. Public schools, transportation systems, offices and banks are all still open. One business that stays particularly busy during those days are restaurants. Valentine's Day is known as the romance day in many parts of the world, the United States especially!

We encourage any day, be it a holiday or not, that forces you to slow down and appreciate the important things in life. Staying grounded to your core values and your loved ones will provide you with more drive and inspiration than anything the outside world has to offer.

As you enjoy the last days of winter, make sure to keep the 14th reserved for your special someone. Show your love even more. Make plans for the future. Contact the Asset Protection and Elder Law Center at 714.966.2646 for a complimentary estate planning consultation today. This consultation is valued at \$795!

In the coming months, we will be looking to upgrade the look of our Newsletter. Let us know if you have any input in terms of content, and even Newsletter colors you may want to see. As part of our extended family, we welcome your input!

No matter how you look at it, where you celebrate; the diversity and beauty of the human race is a beautiful thing, and one that should be embraced. Here is to 2018!