Asset Protection & Elder Law Center
Founded by Phancao & Shaffer, LLP

PROTECTING YOU AND YOURS

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

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HIGHLIGHTS IN THIS ISSUE

“Everything good, everything magical happens between the months of June and August.”
-Jenny Han

BUILDING RESILIENCE IN TIMES OF CHANGE

Resilience is often mistaken for toughness, but they are not the same. Toughness suggests rigidity, the ability to withstand force without breaking. Resilience is different: it is the ability to bend, adapt, and return stronger. Bamboo survives storms not because it resists, but because it flexes. For families, businesses, and individuals, resilience is not about ignoring pain or pretending crises don’t exist. Heck, for those of you who have minors, try ignoring a kid in pain, good luck ignoring that cry! But on a more serious not, resilience is about cultivating the mindset and structures that allow recovery and renewal.

At the personal level, resilience begins with perspective. Studies show that people who frame challenges as temporary and specific cope better than those who view them as permanent and pervasive. Losing a client is not ‘my business is failing’; it is,‘this account did not work out, but others will.’ Perspective narrows the crisis to its actual size, preventing it from swallowing identity.

Habits also matter. Sleep, exercise, and routines that ground us create the physiological reserves that fuel emotional stability. I cannot emphasize enough the importance of this single skill. Years ago, I had learned to deal with life as it came, resolve an issue when it came up, be it professional or personal. With age, and a little maturity 😉, I quickly adapted a healthier lifestyle, be it - proper amount of sleep, time to unwind, time to stretch, or providing a space to learn and grow without interruption. Leaders who ignore their bodies often discover their minds betray them under stress. Conversely, leaders who care for their health model resilience for their teams. Families who guard routines — meals together, walks, even bedtime rituals — build invisible walls of stability that buffer shocks.

Financial resilience requires preparation. Emergency funds, diversified portfolios, and clear estate plans are the equivalents of reinforced levees before a flood. When crisis comes — and it always does — families with buffers are not immune to pain, but they are able to focus on recovery rather than survival. In 2020, businesses with reserves survived shutdowns not because they predicted a pandemic, but because resilience was built into their systems. In 2026, the same principle applies to families: prepare not for a specific disaster, but for the certainty of change.

Social resilience is equally critical. Relationships serve as shock absorbers. Friends who listen, communities that rally, colleagues who cover a shift — these networks transform isolation into support. One of the most effective ways to build resilience is to invest in relationships long before they are needed. Reciprocity, trust, and goodwill are deposits that yield interest in crisis. As age is catching up to me, I reflect back on the relationships throughout my life. Friends that came for a season, a mentor that appeared at the right time, all these relations create a web, a sense of community I have learned to cherish, whether that connection was temporary or ‘forever’.

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INTRODUCTION

How is summer treating you? For the firm, we have been filled with the usual busy work schedule, taking care of the kids outside of school, and of course, making time to simply be! The last one probably being the toughest. We get so caught up in the routine, it is sometimes a challenge to simply slow down and … appreciate the ride!

This message is as much intended for you as it is for us! After all, we humans all long for the same things in life. Let us make July be the month of resilience! Heat tests the body, transitions test the spirit, and our ability to adapt determines whether we thrive or merely endure, right? In our practice, July is a reminder that planning, like summer, is about balance: the hard work of building structures strong enough to last, and the joy of pausing long enough to savor the fleeting moment. This newsletter looks at resilience, financial realities in real estate, and the quiet strength of everyday habits. Welcome to this month’s newsletter!

CAPITAL GAINS & REAL ESTATE IN 2026

Few topics generate as much confusion — or as many surprises — as capital gains in real estate. In 2026, with inflation adjusted numbers and sunset provisions altering parts of the tax landscape, families considering sales or transfers of property face a shifting terrain. The principles, however, remain steady: understand basis, know your exclusions, and plan before you sell. If purchased right, real estate can literally alter the financial future of your family. Done wrong, it can bring you to your knees financially. Ever since the DIY and Bravo channels came into our life, there has been a romanticized perception of RE, the 'cute' aspect of remodeling, the appeal of flipping for a profit, and so forth. We will not be looking at it from this angle. As you very well know me by now, let's stick to fundamentals, shall we?

Basis is the starting line. Homeowners often assume their gain is simply the difference between purchase and sale price, but improvements, depreciation, and inheritance rules complicate the math. A home purchased for $300,000, improved with $100,000 in renovations, and sold for $900,000 does not generate a $600,000 gain — the adjusted basis matters. For inherited property, step-up in basis remains one of the most powerful tools. A child inheriting that same home in 2026 receives a basis equal to fair market value at death, erasing decades of unrealized gain.

The home-sale exclusion continues to shelter significant gains. Married couples filing jointly can exclude up to $500,000 of gain on the sale of a primary residence if they meet ownership and use tests. Single filers can exclude $250,000. These exclusions apply only to primary residences, not second homes or rentals. With appreciation in California markets, many families brush against these limits. Proper recordkeeping of improvements can mean the difference between a taxable and a sheltered gain.

Investment property introduces additional layers. Section 1031 exchanges remain available, allowing deferral of gains when proceeds are reinvested in like-kind property. But these transactions demand precision: strict timelines for identification and closing, and careful coordination with qualified intermediaries. Families who attempt casual exchanges risk disqualification and large, unexpected bills.

State taxes compound the complexity. California imposes its own capital gains tax, treating gains as ordinary income, which can significantly increase liability. Planning strategies often involve timing sales across tax years, harvesting losses in other portfolios, or coordinating charitable gifts to offset gains. Donor-advised funds, charitable remainder trusts, and other vehicles allow families to align tax planning with philanthropy.

The lesson of 2026 is clear: real estate remains a cornerstone of wealth, but it is also a trigger for taxation. Families who consult advisors before listing properties often preserve hundreds of thousands more than those who treat tax as an afterthought. Selling a property is more than a financial transaction; it is a planning opportunity — one best seized before the sign goes in the yard.

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Finally, resilience thrives on meaning. Viktor Frankl observed that people can endure almost any 'how' if they have a 'why.' Families who anchor themselves in shared values weather storms with less fracture. Businesses who tie decisions to mission recover trust more quickly. Individuals who connect setbacks to growth see detours as part of a larger map. Meaning transforms pain from chaos into chapter.

In July, resilience is not abstract. It is the neighbor recovering from illness, the business adjusting to inflation, the family adjusting to loss. It is the reminder that life is change, and those who adapt not only survive, they flourish.

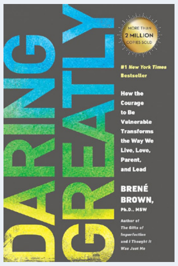
FAMILY SPOTLIGHT

Josie, the daughter of our Senior Paralegal, Taline Arthur, celebrated her 12th birthday shortly after this past New Year. Currently a 7th-grade student, Josie is a high-achieving student enrolled in Advanced Placement (AP) classes. She was recently honored as "Youth of the Year" by her school district—the highest honor a student can receive. This prestigious award recognized her for outstanding leadership, service, academic excellence, and her dedication to personal wellbeing. Additionally, she took great pride in being selected to compose and deliver the official promotion speech at her school's recent promotion ceremony.

Her creative passions are as diverse as her academic pursuits. A talented musician, Josie previously played the double bass and currently plays the saxophone for her middle school concert band; she is now looking forward to joining the jazz band when the new school year begins in the fall. When she is not performing, she can often be found in the kitchen experimenting with various recipes. Her creative desserts have become a staple for her family, and she has made it a habit to never arrive at an event without a homemade treat. Beyond the kitchen, Josie is a gifted visual artist who spends her time drawing, painting, and sculpting at her desk, with much of her work now adorning her home.

Described by friends and family as a person of great empathy and integrity, Josie serves as both a little sister and a role model to those around her. She is a warm and loving individual who has adopted the motto: "Do not let what you cannot do interfere with what you can do". Whether through her handmade cards for milestones or her dedication to her studies, she consistently demonstrates a commitment to excellence and kindness.

BOOK REVIEW



BOOK REVIEW: BRENE BROWN – DARING GREATLY

This book should be provided to young professionals everywhere. As a starting attorney, I vividly remember the overwhelming need to feel accomplished. I remember longing for the day when I could honestly place "over a decade of experience" next to my name. There was a time when I thought having the sharpest suit in the room might somehow compensate for what I perceived as a lack of knowledge or experience. Looking back, I smile at those insecurities. Time has a way of teaching us that confidence cannot be purchased, worn, or projected—it is earned through experience, mistakes, setbacks, and perseverance.

One of the great ironies of life is that the every deficiencies we try to hide are often the catalysts for our greatest growth. Wisdom has a way of playing with our growing pains. What feels like inadequacy today often becomes the foundation of competence tomorrow. If you put in the work, remain curious, and continue showing up, good things tend to follow. This is why I believe this book is particularly valuable for young entrepreneurs and professionals. Young professionals should embrace, rather than fear, their perceived lack of knowledge. The willingness to admit what you do not know is often the first step toward mastery. Let us explore some of the wisdom Brené Brown imparts to us all.

Brené Brown's *Daring Greatly* explores a paradox: that vulnerability, often mistaken for weakness, is actually the birthplace of courage and connection. Drawing on years of research into shame and resilience, Brown argues that those willing to show up without guarantees of success are the ones who create the deepest relationships and the most meaningful work.

Brown weaves stories from leaders, parents, and everyday individuals who discovered that hiding behind perfection cut them off from growth. She challenges the cultural myth that strength equals invulnerability, suggesting instead that true strength is the willingness to be seen in our present state. Whether in boardrooms or living rooms, vulnerability builds trust.

For families navigating legacy and planning, the lesson resonates. Conversations about money, mortality, and values require courage — the courage to be honest, to admit uncertainty, and to invite others into decision-making. Brown's work equips us to approach those conversations not with fear, but with the conviction that openness is the soil of connection.

Perhaps the most powerful takeaway is that vulnerability is not about oversharing or abandoning prudence. Rather, it is about having the courage to engage despite uncertainty. Every entrepreneur launches without guarantees. Every parent makes decisions without a perfect roadmap. Every professional, regardless of title or years of experience, occasionally faces situations where they do not have all the answers. Brown reminds us that growth occurs precisely in those moments.

In July's theme of resilience, *Daring Greatly* reminds us that resilience is not stoicism; it is vulnerability practiced wisely. It is the willingness to risk failure, criticism, and disappointment in pursuit of something meaningful. For young professionals especially, that lesson may be worth far more than any technical skill they acquire early in their careers.

BUSINESS / HEALTH / WEALTH

The Hidden Joy Of Summer Hobbies

Summer hobbies are more than diversions; they are investments in joy. For the reader that has kids, they understand that statement. Gardening, cycling, painting, cooking outdoors — each offers a rhythm different from work and a reminder that life is larger than to-do lists. These hobbies restore creativity, strengthen relationships, and build memories that last long after the season fades.

Gardening connects families to the earth. Children learn patience watching seeds sprout, while parents find calm in the tangible progress of green growth. In a world increasingly dominated by instant gratification, there is something profoundly satisfying about nurturing a plant over weeks and months. The garden teaches lessons that apply well beyond the flower bed: consistency matters, growth often occurs invisibly before it becomes apparent, and worthwhile results require time and care.

Cycling or hiking builds both health and shared adventure, creating stories retold for years. Europe is developing bicycle towns at a rapid pace. This summer, I was able to witness countless children bike with their parents, and you could tell some of these moments would have a lasting impact! Physical hobbies encourage us to be present in the moment and remind us that some of life's greatest pleasures require little more than time and willingness.

Painting, writing, photography, woodworking, and other creative pursuits nurture imagination that is too often suppressed by screens and schedules. Creativity is not reserved for artists; it is a human capacity that enriches every profession and every stage of life. Many of our best ideas arrive not while staring at a computer but while our minds are engaged in something enjoyable and restorative.

Cooking outdoors transforms meals into rituals of laughter and storytelling. A simple barbecue becomes an opportunity to gather generations around a table. Recipes are shared, family stories are retold, and traditions are passed down. These seemingly ordinary moments often become the memories we cherish most.

The key is permission. Too many adults dismiss hobbies as indulgent, forgetting that play is not opposed to productivity but its partner. Neuroscience continues to demonstrate that restorative play replenishes focus, reduces stress, and improves problem-solving abilities. Some of history's most accomplished individuals intentionally set aside time for hobbies because they understood that renewal fuels performance.

Perhaps most importantly, hobbies help preserve balance. They remind us that our identity is larger than our profession, our obligations, or our accomplishments. We are not merely workers, business owners, parents, or caretakers. We are human beings designed to create, explore, learn, and enjoy. Families who cultivate hobbies often discover that stress lightens, conversations deepen, and connections strengthen naturally.

In July's long days, a hobby is more than a pastime — it is medicine. It nourishes the mind, strengthens the spirit, and creates the kind of moments that remain vivid long after summer has passed. The season invites us to step outside, try something new, and rediscover the simple joy of doing something not because we must, but because we genuinely love it.

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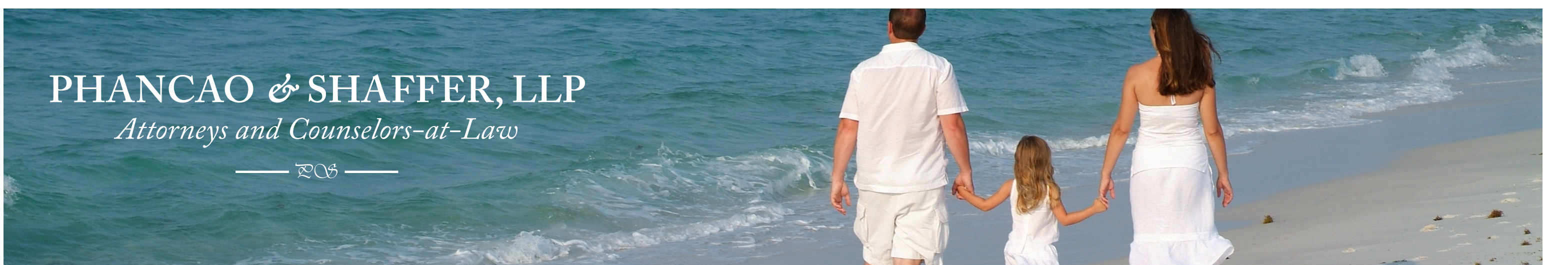

July teaches us that resilience is not resistance but renewal. Whether in facing change, planning for real estate realities, daring greatly in our relationships, or rediscovering the joy of hobbies, the lesson is the same: strength is found in flexibility and connection. As you savor the long days of this month, take time to reflect on where resilience needs building in your own life.

The lesson of the month — planning is not just about preserving assets, but rather the people and moments that make life worth living. We are truly grateful for your continued trust and loyalty in us, and we hope 2026 is turning out just the way you intended it! If not, there is more time 😉