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HOW THE LAW CAN FAIL COMMON FAMILY ARRANGEMENTS

Friends,

There are people who think that when they die while married, that everything they own will automatically go to their spouse or children. What may be the case is that they are thinking of state rules that apply if someone dies without leaving a will. In legal terms, this is referred to as "intestate." In that case, the specifics will vary depending on each state's law, so where you live when you die can significantly change the result for your family. However, the general rule is that your spouse will receive a share, and the rest will be divided among your children. Exactly how much a spouse will inherit depends on the state you die in. Now, it may seem like, "So far, so good." Your spouse is getting an inheritance and so are the kids. But here are some situations of how the laws can fail many common family situations.

When Both Parents Die

First off, if both parents of minors die intestate, then the children are left without a legal guardian. Kids don't automatically go to a godparent, even if that's what everyone knew the parents had intended. Instead, a court will appoint someone to be the children's guardian. In circumstances like these, the judge seeks to act in the children's best interests and gathers information on the parents, the children, and the family circumstances. But the decision is up to the court, and the judge may not make the decision that you, as a parent, would have made.

Adopted or Blended Families

When it comes to asset division, in most cases, state intestacy law presumes that a family consists of a husband, wife, and their natural-born children. But, that's not necessarily the way many families are

structured, and things can become legally complicated quickly. According to wealth management studies, one analysis has 50 different types of family structures in American households. Almost 18% of Americans have been remarried, and–through adoption and stepfamilies–millions of children are living in blended families. Unfortunately, the laws just haven't kept up, and undesirable results can occur if you rely on intestacy as your estate plan. Stepchildren that you helped raise but didn't legally adopt may end up with no inheritance, while a soon-to-be-ex-spouse may inherit from you. Say, for example, a father has a will that provides assets to his spouse and two children and then they adopt a third child. Then, the father dies in a car accident before he's able to revise his will. In some states, because the adopted child is not mentioned in the will, she may not be entitled to any inheritance. If that isn't bad enough, consider that, in some states, the law provides that an adopted child still has rights to the biological parents' assets–and the biological parents are entitled to inherit a child's wealth. (Imagine if the adopted-as-an-infant Steve Jobs had died intestate, and his biological parents demanded a share of his estate!) Of course, with a will or trust, you can control your estate and essentially eliminate the risk of these crazy results.

What if You and Your Spouse Are Separated?

State law decides what happens to your estate if you are separated from your spouse when you die. Much of the time, the court ignores your separation and just considers you still legally married. Unless you have a prenuptial or postnuptial agreement, it is extremely difficult to disinherit your spouse. Again, even if a spouse is omitted from a will, state laws might choose to give a surviving husband or wife a share of the assets. If you are separated from your spouse, and your divorce is pending, you should definitely talk with your divorce lawyer and an estate planning attorney about your options.

Creditors Win

Intestacy provides no asset protection or preservation benefits. Without any protections in place, an estate's assets are still vulnerable to creditors, lawsuits, and others who may claim entitlement to the property. These claims would take precedence over the statutory requirements for inheritance. In other words, the family may not receive the lion's share of the estate. They would get the leftovers.

For my booklet, "A Guide to Putting Your Affairs in Order, scan the QR code below or call our office and ask for Catalina to send you a copy:

ESTATE PLANNING IN 2021: WHAT'S MOST IMPORTANT NOW

ARTICLE by **Jill Lebowitz and Abbey Horwitz** | March 16, 2021

For many clients in 2020, estate planning became a pressing need, and that need has continued in 2021. If the COVID-19 pandemic has taught us anything, it is that preparedness and flexibility are key. For those who have not yet done so, the time to focus on estate planning is now. With all the uncertainty we have faced during the COVID-19 pandemic, the need for effective estate planning has become more apparent than ever. Further, the prospect of significant changes to the federal transfer tax regime makes 2021 the perfect time for attorneys to help their clients focus on updating outdated estate planning documents, create new documents to ensure assets pass to clients' intended beneficiaries, and advise clients about wealth transfer techniques to take advantage of the current federal transfer tax laws before any changes occur. If 2020 has taught us anything, it is to expect the unexpected. So now, more than ever, is an ideal time for clients to review or put in place their "basic" estate planning documents—wills, revocable trusts, powers of attorney, and health care directives—to ensure they are up to date, accurately reflect their wishes and are flexible enough to take into consideration potential changes to the transfer tax laws. In 2021, the federal transfer tax laws permit each person to transfer $11.7 million free of federal estate and gift tax to their heirs or intended beneficiaries. That federal exemption amount is set to expire on Dec. 31, 2025, and revert to $5 million per person, adjusted for inflation. However, it is anticipated that Congress will enact new tax legislation, possibly in 2021 or 2022, reducing the federal estate tax exemption amount to $5 million or even $3.5 million before then. Also, new legislation could be enacted that would eliminate the favored step-up in basis for income tax purposes of a person's assets at death. Currently, New Jersey does not have an estate tax, having repealed it on Jan. 1, 2018. However, some think that a permanent repeal of the New Jersey estate tax is unlikely, and it might be reinstated in the future. Flexibility to address changes to the transfer tax laws is key for an estate plan. For married couples, having assets pass outright to a surviving spouse at the first death is simple, but provides little flexibility for tax planning. Attorneys might recommend that married clients instead consider options for their estate planning documents that allow certain tax decisions to be deferred until after a person's death. Two options are utilizing a Disclaimer Trust or a Clayton Qualified Terminable Interest Property (QTIP) Trust. The Disclaimer mechanism provides that assets pass outright to a surviving spouse at the first death, but he or she would have the option of disclaiming assets, so those disclaimed assets would instead flow to an estate tax protected trust for the benefit of the surviving spouse. A Clayton QTIP Trust provides that assets would be held in trust for the surviving spouse at the first death but allows flexibility to wait and make tax elections after the death to determine if some or all of the trust should be estate tax protected. Both options allow the decision of whether to fund an estate tax protected trust for the benefit of the surviving spouse to be delayed until after the first death. Additionally, it is important to remind clients that wills and trusts do not control the transfer of joint accounts or pay on death (POD) accounts, nor the disposition of assets for which there is a beneficiary designation on file, such as retirement accounts or life insurance. Thus, an estate planning update should include consideration of how a client's assets are titled and a review of their beneficiary designations, to ensure that any insurance and retirement assets are distributed consistent with the client's wishes. Also, the Setting Every Community Up for Retirement Enhancement Act of 2019 (the SECURE Act), effective Jan. 1, 2020, made significant changes to the rules regarding the distribution of a qualified retirement account after a person's death. A review of the SECURE Act is beyond the scope of this article, but changes to a client's estate planning documents might be required due to the SECURE Act, particularly if qualified retirement assets flow to a trust for the benefit of a spouse or descendants.

For clients who would have a federally taxable estate if the exemption amounts were reduced, and who have not yet taken advantage of wealth transfer techniques to capture the current high federal transfer tax exemption amounts, there still may be time in 2021. Many wealth transfer techniques are available, and some popular ones are summarized as follows:

• **Outright Gifts to Descendants or Others.** This option is straightforward and cost-efficient but does not provide flexibility for the donor or creditor protection for the recipient.

• **Gifts to Descendants in Trust.** A donor can create an irrevocable trust for the benefit of his or her descendants (or other beneficiaries) and transfer assets to the trust as a gift. The transferred assets (plus all the appreciation on those assets) would be removed from the donor's estate. The trust could be structured as a "dynasty trust," which could potentially pass from generation to generation free of transfer taxes. Further, the trust could be structured as a "grantor trust" so the donor would pay the income tax attributable to the trust's income, thereby further reducing the donor's taxable estate in future years without adverse tax effects. Such a trust provides transfer tax benefits as well as a protective arrangement for the trust beneficiaries.

• **Spousal Lifetime Access Trust (SLAT).** This is an option for a married couple and might be preferable to transferring assets to a trust for descendants. A SLAT is an irrevocable trust created by a donor for the benefit of his or her spouse, designed to capture a donor's federal gift tax exemption amount before it is potentially reduced by new legislation. Children and more remote descendants also may be current or remainder beneficiaries of the trust. The assets transferred to the SLAT (plus all the appreciation on those assets) would be removed from the donor spouse's taxable estate. Distributions from the trust to the beneficiary spouse would be allowed during his or her lifetime. At the spouse's death, assets could pass on to the donor's descendants or other chosen beneficiaries. Wealth transfer techniques have pros and cons, including the loss of access to transferred assets and potentially trading estate tax savings for capital gains tax savings. There are several factors to consider, but the techniques are worth contemplating now, particularly for high net worth clients. If new transfer tax legislation is enacted, the question is when the new laws will be effective. New legislation could be effective on the date of enactment; at a future date, such as Jan. 1, 2022; or possibly retroactively to Jan. 1, 2021. Given the uncertainty of what future exemption amounts might be and when they might take effect, for clients seeking to make lifetime wealth transfers in 2021, it is prudent to build in flexibility to avoid an unintended gift or generation-skipping transfer (GST) tax due to a retroactive change in the federal transfer tax laws. A few options include the following:

• **Formula Gift.** A donor could make a gift of an interest in an asset based on a formula that would self-adjust so the amount of the gift could be limited to the amount of the donor's remaining federal gift tax exemption amount (or possibly the donor's GST tax exemption amount) as finally determined for federal estate and gift tax purposes, even if that amount is changed retroactively.

• **QTIP Election.** A married person could make a 2021 gift to an irrevocable trust for the benefit of his or her spouse, which could qualify for the marital deduction if a QTIP election is made. The trust could provide that if no election is made, the assets would pass to an estate tax protected trust for the beneficiary spouse and would use some or all of the donor spouse's lifetime gift tax exemption amount. If there is a retroactive change in the transfer tax laws, a QTIP election could be made to avoid an unintended gift tax. The donor spouse would not have to decide whether to make the QTIP election until the gift tax return is due. Thus, for a 2021 gift, the donor spouse would not have to make the QTIP election until April 15, 2022 (or Oct. 15, 2022, if the gift tax return is extended), which would allow time to determine whether any changes to transfer tax exemptions will be retroactive.

• **Disclaimer.** If a donor creates an irrevocable trust in 2021, the trust could include a provision permitting a beneficiary to disclaim some or all of the assets transferred to the trust. If assets are disclaimed, they could be returned to the donor and the transaction would be treated as if it never occurred, thereby avoiding an unintended gift tax and/or GST tax due to a retroactive change to the transfer tax laws. To be effective, the disclaimer must be made no more than nine months after the date of the gift. Therefore, if a gift is made on April 1, 2021, or later, a valid disclaimer could be made up until January of 2022, again allowing time to determine whether any changes to the transfer tax laws will be retroactive.

For many clients in 2020, estate planning became a pressing need, and that need has continued in 2021. If the COVID-19 pandemic has taught us anything, it is that preparedness and flexibility are key. Given today's uncertainty, for those who have not yet done so, the time to focus on estate planning is now.

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MENTAL SHOWERS WILL MAKE YOU...

How often do you take a “Mental Shower”? Most people take a physical shower every day or at least every other day. We shower to remove the dirt of daily life. If we go a few days without a shower we start to smell. Without a shower, our skin pores can clog with dirt and oil and it’s not good. Daily showers help to avoid infections, illness and the build-up of germs on the body. When I ask people how often they shower – most say every day!

How Often Do You Take a Mental Shower?

When I ask about Mental Showers, I often get a weird look. “What’s a mental shower?” I’ve come to realize the importance of mental showering, or cleaning the mind every day, just like we do our bodies. Just like our bodies, our mind is bombarded with dirt, negative people, negative words and poor thoughts every day. Going a few days or in some cases, weeks without taking a “Mental Shower” to clean the mind out, leads to an unhealthy, illness-prone and defeated mind.

All Day We Accumulate Mental Trash

All day long people are depositing their upset feelings, bad attitudes and what I call “mental trash” in your head. We have to take the mental trash out every night. A Mental Shower helps to cleanse the mind and removes the head trash.

Are You Ready for Your First Mental Shower?

Is this your first mental shower? I hope it won’t be your last. Realize that you have more control than you may think over your thoughts and your mind. What you focus on in your mind expands to show up in your life. I call that Wytayba (Why-tay-ba) which is an acronym for **W**hat **Y**ou **T**hink **A**bout **Y**ou **B**ring **A**bout. If you focus on the negative attributes of someone they will expand. If you focus on their positive attributes you will begin to see more of them.

I recently committed to a daily “Mental Shower” and I’m at 39 days in a row.

Mental Showers Have Made Me...

- feel refreshed from the inside out
- feel lighter – like weights have been lifted off of me
- more easy-going – able to go with the flow
- handle stress better
- avoid letting things build up mentally
- physically feel better, healthier
- feel more in control of my thoughts and my life
- increase my ability to focus for longer periods of time

- improve some health indicators like resting heart rate, blood pressure & oxygen levels

Life just does not feel as heavy when I'm taking a daily Mental Shower.

How Do I Take a Mental Shower?

Just like a physical shower, you need to remove yourself from everything else. I like to start with some visualization of a washing of my mind. I visualize the cleaning of my mind pores like your skin pores. I visualize the washing of my mind dirt. I feel the water running through my mind, cleaning it out. The idea is to see a physical washing of your mind. Let the negative thoughts go. Like the passing of dark clouds, we know there is a blue sky behind them. During your Mental Shower let those dark clouds go. Say goodbye to the head trash. See yourself gathering up the negative thoughts, people, and poor self-talk and putting them into a trash bag. Take that bag out of your head and into the trash can. The last part is the final rinse. Flood your mind with thoughts of what you are grateful for in your life and what you want more of in your life. See the positive side of what's happening. See the best relationships getting better. See yourself gathering the resources you need for the things you are bringing about in your life.

This mental shower is like a little mind meditation. You should spend at least as much time as you do on your physical shower. The average American showers for 8.2 minutes a day. Start with something. I started with 3 minutes and built up to 10 minutes per Mental Shower.

My Favorite Tool for Mental Showering

My favorite tool to use is a simple one. It's an App called Headspace. It guides you through mediations which are a great way to start your Mental Showering. The App has a free version that you can get started with. You can learn more about that at www.headspace.com or by searching for headspace in the App Store or in Google Play.

Give it a start – take your first Mental Shower. Let me know how it goes and ask me how many days in a row I made it with mine. Talk with you soon.

Take control, take a Mental Shower and *make it a great day,*
Blaine

Blaine Oelkers is a lifetime entrepreneur, graduate of Purdue University and Stanford University's Entrepreneurship program. He's achieved over 100 Million dollars in sales and coached thousands of people. He's America's Chief Results Officer and Day Ahead™ Specialist helping business owners go from being a day behind to being a day ahead in business and in life. He's the world's greatest creator of valuable doneness. He can be reached at blaine@selfluence.com.

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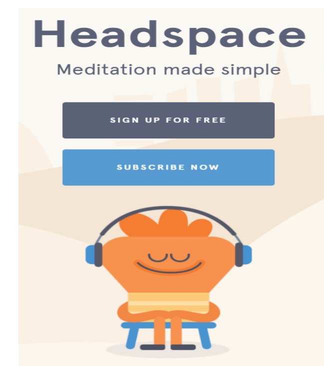


EVALUATING REAL ESTATE OPPORTUNITIES

So, how do you evaluate real estate?

No matter where you live, you'll find that there are plenty of properties for sale. There may be commercial or residential developments or vacant land available for purchase. You need to be careful not to fall into the trap that some new real estate investors fall into, being overanxious to get in the game. I know I said that some people have analysis paralysis. That refers to over-analyzing an opportunity to the point that it's too late to do anything. You need to analyze each property carefully to be sure it will be profitable, but don't go overboard. You will never have all the information until the deal is done; you'll need to make the decision based on the information you do have. There's a formula for finding a property that I refer to as 100:10:3:1. It works like this: You look at one hundred properties, out of which ten will be good opportunities. Out of those ten, you may place a contract on three of the properties. Finally, out of those three, you will probably close on and purchase one property. This is not an empirical formula, but I've found through experience that it's quite accurate. How do you get from one hundred properties to the one that you actually buy? I've looked at hundreds of properties, from looking at pictures in advertisements to going to the property and walking through it. Don't expect to find the perfect property the first time you go look. But don't rule it out for that reason alone, either; you might have beginners' luck. It takes time to do all this looking at properties, so you should always be looking, no matter where you are, even on vacation. You may also be concerned that only one out of three contracts will close. There are several reasons why a contract on a property you like won't close, so don't be discouraged. One problem could be that your financing doesn't materialize to your liking. For example, it could be that you want ninety percent financing, but you are unable to find better than eighty percent financing within the time allowed by the contract. Likewise, the seller's problems could cause the sale not to close. The seller may have a lien that he didn't realize was on his property, or there may be a problem in the chain of title, which cannot be cured economically enough to make finishing the deal worthwhile. Other times, the property itself will be the problem. A survey may show there's an encroachment on the property, such as a neighbor's wall extending into the property, leaving part of the property on the neighbor's side of the fence. Or you may discover the property doesn't have the appropriate zoning for your intended use. Suppose you want to buy a lot to build apartments on, but it's zoned single-family residential. You would need to get the zoning change approved or obtain a variance from the municipality that regulates zoning where the property is located. Changing a property's zoning can sometimes increase its value, but it usually takes a considerable amount of time and money to accomplish it. And sometimes the municipality won't grant the zoning change. There are no guarantees. Your contract may be contingent upon the seller changing the zoning, which isn't always possible. It's better to lose your earnest money (or a portion of it) than to buy a piece of property you can't use as planned. A real estate inspector may discover some problems in the building that aren't in your budget to repair, making the property worth less than what you have contracted for. In this case, not closing is a good thing. You should provide for an inspection period in your contract, so you can better know what you are buying. A licensed inspection may also help you negotiate down the price, because of unexpected repairs. My wife and I once looked at a duplex that needed some cosmetic work, but we saw we would be able to put four more units on the same property. Based on these assumptions, we agreed on a price with the sellers, subject to an inspection. The inspection showed that it would cost more to repair the old duplex (turned out the damage was more than

cosmetic) than it would to knock it down and build two new units. Even though we explained these points to the seller and we were willing to pay more than the raw land was worth, the seller wouldn't lower the price. We walked away. After you ascertain that the property will physically and logistically suit your purposes, you can go to the next step in the evaluation process. I recommend buying income-producing properties because they will pay for themselves. At this point in your evaluation you have to determine the purpose of your investment. Is its long-term cash flow, or short- or long-term capital gains?

Your purpose will determine how you evaluate the property, but either way, you make money when you buy, not when you sell. By this I mean that, if you buy low enough, you will be able to at least break even if there's an economic downturn. If you buy high, you're at risk of an economic downturn putting you upside down on the property, meaning that you owe more than it's worth. The lower you buy, the more money you will make on the property. In an income property, your debt service will be less, leaving more cash flow. In a property you buy for appreciation, you will make more money on the sale. To analyze any income property, you need to determine the acquisition costs and the expenses first. Some of the typical costs are obvious — the purchase price and closing costs. Let's take a closer look at these issues on a typical purchase:

Purchase price / Bank fees / Prorated taxes Appraisal fees / Inspection fees / Other closing costs / Attorney fees

TOTAL ACQUISITION COSTS

Loan proceeds / Prorated rents / Tenant deposits / Prorated taxes / Credits/allowances

TOTAL CREDITS

At the closing, you will have to add up the acquisition costs and deduct the credits. The result will be the cash portion that you will need to bring to the closing. As you can see, there are many different costs involved in the purchase side of the formula. And as you can see, there are credits that can help reduce your total cash outlay. We'll discuss that in more detail, later. Whether you're buying a property for appreciation or income, the above analysis is the first you will need to make. Remember that your purchase price will strongly affect your profit and income. The lower your purchase price, the more room for appreciation and the greater the potential for profit. Like they say, "buy low, sell high." This is also true for income property. The lower the purchase price, the lower the debt and carrying costs. For an appreciation property, you need to determine what your exit strategy is. That is, how long do you intend to hold the property and how much do you expect it to appreciate before you sell? The longer you hold the property, the more interest you have paid if you financed the property over the length of the hold. On the other hand, if you pay cash for the property, your appreciation will need to be at least enough to cover any interest you would have received on the cash, which could be about the same amount. For income property, you will need to make a bit more of an analysis of the cash flow. What you need to determine is the income potential and expenses of the property over a monthly or yearly basis. The following is an example of factors for a typical income property, such as an apartment complex:

Income:

Rental income / Other income (laundry/ vending machines) /

TOTAL INCOME

Expenses / Debt service / Property taxes / Insurance / Management / Vacancy projection / Maintenance

TOTAL EXPENSES

Once you arrive at these numbers, you take the total income and deduct the total expenses. If the result is a positive number, then the property will generate a positive cash flow and make money. The annual cash flow divided by the amount of cash you put as a down payment and multiplied by one hundred will give you your cash on cash return percentage:

Annual Cash Flow/Cash Investment x 100 = "Cash on Cash" Return

"Cash on Cash" return is what the return on your actual cash investment is called. Another way of looking at this is to ask, "How fast will I get my money back?" If you get your cash investment back in one year, your cash on cash return is one hundred percent. This can really be seen in leveraged transactions when you're using the bank's money to finance your projects. If you buy a property worth $100,000 and put down $10,000 cash out of your pocket, your cash investment is $10,000. If the property has cash flow and appreciation of $10,000 at the end of the first year, you have a one hundred percent cash on cash return. A good investment will provide a good cash on cash return. I like to compare a property investment return with the return you would make on a stock after you'd held it a year. The difference in these two types of investments is that the income property is paying for itself and can be more highly leveraged, so there is a larger base that will appreciate in value. The value of stock is what a share is worth at any given moment. Let's say you bought an income-producing property worth $100,000 and put ten percent down. You would own the property by paying just $10,000. If, instead, you took that $10,000 and bought stock, you would have stock worth $10,000. Now, let's move forward a year. We'll assume the stock value rises by ten percent. Now you have an asset worth $11,000. On the other hand, let's assume the real estate value rises by five percent. You have an asset worth $105,000. You owe $90,000, so you have equity of $15,000, which means a fifty percent return on investment from appreciation. This does not include the cash flow from your investment. Now you can see why I like real property, especially income property. This chapter evaluates two property types, but there are several others that have a similar analysis. Remember that you need to evaluate the property up front and before you fall in love with it. In the next issue of Dickerson Digest, I will discuss how to finance the properties you have found.

This article is an excerpt from my book, The Road Map to Rich: a Lawyer's Perspective on Getting and Staying Rich. If you would like your own hard copy for free, please call us at 956-791-5422 and we will deliver to your preferred mail box.

AMAZING LAST WILLS AND TESTAMENTS

Comedian Jack Benny

Legendary US comedian Jack Benny left an unusual but touching instruction in his will when he died in 1974. “Every day since Jack has gone the florist has delivered one long-stemmed red rose to my home,” his widow Mary Livingstone wrote in a magazine, shortly after his death. “I learned Jack actually had included a provision for the flowers in his will. One red rose to be delivered to me every day for the rest of my life.”

A Donation to Clear the National Debt

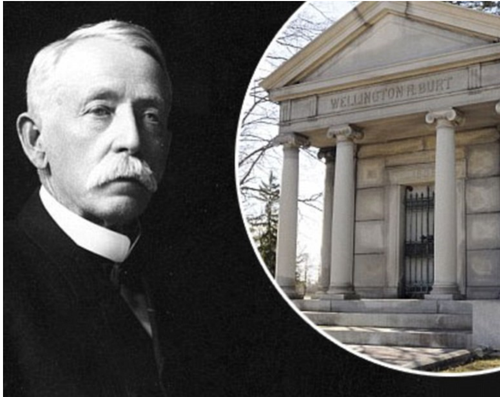
A public-spirited donor made a half-million pound bequest to Britain back in 1928, which is now worth more than £350m. Unfortunately, the anonymous donor was very specific about how the money should be spent: it should only be passed on once it is enough to clear the entire national debt. Sadly, the total national debt currently stands at £1.5tn so as a result, the country can’t touch the money. Lina Lopes of Douglas Elliman, who sells homes with an average price of $350,000 in Suffolk County on Long Island, told Business Insider.

The Rich Dog

In 2004, billionaire hotelier Leona Helmsley left instructions for her $4bn (£2.5bn) fortune to be spent caring for dogs, having apparently re-thought an earlier draft that left it to the poor. Her nine-year-old Maltese, Trouble, received $12m (£8m) in the will, with her grandchildren either cut out or ordered to visit their father’s grave annually in order to inherit their share. Trouble’s inheritance was later cut to just $2m (£1.2m) by a judge, although the dog still needed to go into hiding amid death and kidnap threats.

I Bequeath You a New Husband

For some embittered spouses a last will and testament is actually a last chance to insult their life partner one more time. So it was for German poet Heinrich “Henry” Heine who left his estate to his wife, Matilda, in 1856 on the condition that she remarry, so that “there will be at least one man to regret my death”.



A Bitter Old Man?

Michigan millionaire Wellington Burt used his will to put his enormous wealth out of reach of his family for almost a full century. Burt, who died in 1919 at age 87 in Saginaw, Mich., made his wealth in the lumber and iron industries. For reasons not described in his will, he stipulated that the majority of his fortune would be distributed 21 years after his last surviving grandchild's death. That granddaughter died in 1989. Now 12 descendants will split the fortune, estimated at $100 million to $110 million. "I don't think we'll ever know exactly what it was that ticked him off that said, hey, after my last grandchild dies, 21 years after that, then you can get your money," Thomas Mudd, local historic preservationist, told ABC affiliate WJRT in Michigan. Danielle Mayoras, attorney and co-author of the book, Trial & Heirs: Famous Fortune Fights!, said she has never heard of a will or trust with a similar distribution. People have been known to leave creative conditions in their will to motivate their heirs to have a work ethic or encourage them to attend college. But this is something else. "I think this is beyond creativity," Mayoras said. "It's more of an insult." She said she suspects the reason Burt chose 21 as the year stipulation was because the common law's Rule of Perpetuities. That rule forbids leaving money to anyone 21 years after the death of the last identifiable individual living at the time the will or trust was created. Christina Alexander Cameron, the great-great-great-granddaughter of Burt, is one of the 12 heirs who agreed among themselves how to split the funds. She and her sister, Cory, will each inherit about $2.6 to $2.9 million.

"I'd rather not rely on it," Christina Cameron told The Saginaw News. "I'll probably just save it. I don't know; it's just not as big of a deal to me as it was to most of my family." Press accounts imply that Wellington Burt experienced familial conflicts, which led to the unusual will. Burt had left his children $1,000 to $5,000 annually, relatively small amounts, except for a "favorite son" who he gave $30,000 annually, according to The Saginaw News.

Burt, however, cancelled a $5,000 annuity to one of his daughters over a disagreement about her divorce, the newspaper reported. Through a trust, he left his secretary $4,000 annually and a cook, housekeeper, coachman and chauffeur each received $1,000 annually. Since his death, Burt's relatives tried to break the trust in court, claiming Burt was not of sound mind when he created his last testament, and engaged in other legal disputes. But now a court order mandates that the trust must be distributed by May 21.

"I think he was kind of a wise old man, kind of foxy. And really, I think knew what he was doing in the long run," Probate Judge Patrick McGraw told ABC's WJRT.

70 Strangers

It's the stuff of daydreams and film scripts. When Portuguese aristocrat Luis Carlos de Noronha Cabral da Camara wrote up his will, he left his considerable fortune to 70 strangers randomly chosen out of a Lisbon phone directory. "I thought it was some kind of cruel joke," a 70-year-old heiress told Portugal's Sol newspaper. "I'd never heard of the man.

While we don't suggest you use your Last Will and Testament as a way of being funny, or getting revenge on your family or other loved ones, you can use your Will to help you family and loved ones in many ways. We are confident that we could help guide you in this process.

ANATOMY OF A CITY AND THE DOCTOR ENGINEER

Interview with local civil engineer, client and friend, Oscar Castillo of PEUA

JMD When did PEUA start?

Oscar PEUA started in 2013. The day that I actually reference as my starting date is the day that I got the OK from the board to start, which was February 21st of 2013 and PEUA is a civil engineering firm that specializes in land development. When we enter onto any land it is usually ranch land. To give you an example, one of my first projects here in Laredo was what was considered San Isidro northeast and, in that case, I would bike ride there and it was ranch land. And then eventually, as you know, now there's a high school and the Academy store and I did the civil plans for that. So, we start planning with planners, with the owners and with the developers and our goal or our objective is to reconcile any problems that the people will and to make it have all the conditions necessary to live, like to bring water, sewer, pavement, the roads. We have to keep in mind whatever restrictions apply to the neighborhoods depending on if it's going to be commercial, residential and we create a master plan. That's the main thing we do. We also do set plans, which means once we develop the area or it is already developed, we can become consultants. For example, once there is a lot with restrictions, with all the services, with water and sewer and the storm drain, retention (pond), because as you may know, we always need retention; once the lot is there and somebody buys it or sometimes the same developer wants to develop something there, we help make sure everything is the way it should be and meets all of the requirements. I was talking about Academy and when they wanted to buy that lot, I become the sub-consultant. On the development side, I'm the main consultant and we hired geo-tech surveyors and everything to see how the land is, how their property is and everything we need to ensure a good development. Once its available and once everything is done then and they want to develop their site, then we move onto what we call site plans. For example, for Academy, we then design the parking lot, we study how the property drains (water), how their connections from the building will connect to utility lines, and so on. And from there, we get permits from the state, from the city, and also TxDOT to see how we're going to connect to the roads and things like that. And that's in a nutshell, what we do. I see you as a doctor is to a human body, as a civil engineer is to a city. You know, you have to understand all the pipe systems for the water and sewer.

Catalina You have to know all of the inner workings. It's like the anatomy of a city. Right? You have to understand the anatomy, the workings of all of what makes up a city and how to make it work. I can imagine how this type of science and the engineering has developed over time. I like to see the historical comparison of civil engineering of then and now. Laredo, not too long ago, didn't have but maybe 20% of its streets paved and now we see all of the development that's happened now. When we look back and then fast forward to the present time, its amazing to see the progress we currently see in Laredo's development. Any

thoughts on where Laredo has come from in terms of its civil engineering and development?

Oscar Even though I'm not a native, my family is from here. So, I have visited Laredo since I was born. I have aunts here and also my daughters so I consider even though I'm from Mexico City and I'm very proud to be from Mexico City; definitely, I am a Laredoan also. I know this city. I work with the people in this city. My daughters are from this beautiful city and really, I want the best for this city. And it is very interesting, going back to your point about the different the civil engineering technology and how it was before. It's amazing how before it was it was a lot of work and I see it now and say that was an art. You know, for example, now I have my GPS and I go, and I stake everything, and I take a survey and everything and it takes me very little time, but before, we use chains. We would use field light. Not only in Laredo a few years ago, but also in ancient Rome and other ancient cities. And some of those cities are still standing. Civil engineering and architecture of the ancient world, it's amazing! It's amazing, to be honest and it's an art. Obviously it has engineering involve in it, but it was a process. It was more challenging, and they still did beautiful things.

Catalina Yeah. So, and like you said, beautiful things. You still have to also think of the esthetic. Not only are you developing the area, but I imagine, what also comes into play is to improve the land and have a nicer esthetic with the final product.

Oscar Absolutely. Not only this esthetic, but also the part which helps with the esthetics and all the trees. That comes in to reconcile a livable space for people. So, is not only water, sewer, but also lately, thank God, it's been very important to make it walkable. Even though our summers are very hot here, we've been finding ways to stay active and be able to walk more in our communities and that gets incorporated into our design. And it's an effort of many professionals, but definitely we're one of the main ones to start that element of the design.

JMD Can you speak a little bit on the difference between a civil engineer and surveyor?

Oscar Absolutely, you know, about 40-50 years ago, they used to give the two licenses together for civil engineering and surveying together. and then they will give you the surveyors. I love surveying. It is a little brutal here in Laredo because of the heat. We go first as a team but the surveyors are actually the ones that take all the measurements and all the topography of land and they're in charge of the surveys. They measure of the land. And then we go and divide it and then check where the lot will be and everything. So surveyors go before the civil engineer so that we can have a clear view of what we're going to plan. The surveyor prepares the survey and shows the different elevations and the properties on the sides and make sure you that you don't cross and encroach and things like that. And then we do the design on the survey.

JMD So, is there a different type of education that you need to be a surveyor or is it the same as a civil engineer.

Oscar It is different. It is a different type of education. But for example, for my civil engineering degree, I needed to have certain hours of survey data and be proficient. On the civil engineering side, it is definitely part of our curriculum because we use it. It is kind of part of what we do. Here in Laredo, there are many surveyors who are also engineers or vice versa.

JMD So, they're more in the field, you know, they get they get their hands dirty and get to sweat and you get to be in air condition (laughing from the group) and kind look at the results and say, OK, this is kind of where we're going to do things.

Oscar Yes. Yes.

JMD And I know you and I know you still get out in the field because it's one thing to see it on the a piece of paper, but to get the right mental picture, that means you need to get out there and actually seeing, you know, OK, there's this big hill here. You know, I need to go see it so I can picture it in my mind to when I start designing. Well, is it something we need to level or is it something we can make part of the esthetic and have like a little curve around it? And that's just going to be where maybe there's a little park or something like that, I can imagine.

Oscar Absolutely. And that's something that I always encourage and actually require my young engineers to do. We call them EIT for Engineering In Training. I tell them, let's go see it, because then you have a better understanding of what you see on paper. You might see something extra you didn't see or a power pole out there. And whether it was or

not in the survey or not, it makes you aware that, oh, you know, that's going to be on the way. It is very important that we go. It is definitely part of the process to check everything that we received on the survey.

JMD Or for example, in this survey, there was no utility line or utility pole, but five feet into the next-door neighbor's property, there is a utility pole or there is something. The you realize there's going to be this line of power poles right behind your subdivision you are designing. Well, you may not want to have that as their backyard. So, you've got come up with something to incorporate this? It might be outside of your workspace, but you still have to make sure that your workspace blends into the rest of the community.

Oscar That is correct, yes. And more experienced surveyors, they will actually get you a little over (the property line), when they can. But something else that I use is pictures. So, I go and take pictures and come back to the office and say, OK, the survey ended here but here is a power pole or a creek over there.

Catalina So going back to Laredo. It seems to me that Laredo is just stretching out radially like taffy in all directions. Are there any trends that you're seeing about the development of Laredo?

Oscar As we know, most of the land of Laredo is owned by a few of the families. Many of them have a very good understanding of how to develop, but they are not in a rush to develop. So, it's more about the developers. They try to get any land available to try to develop and sometimes that puts us in a position of making engineering wonders, because sometimes it's not the most appropriate land but it's the land that is available. So, we just need to figure out a way to make it work. It is also very expensive compared to San Antonio or the Rio Grande Valley because land is really very scarce. So that's why you see most of the cities, they develop radially. In Laredo, it is more like development is a little bit here and there and it has a developments all over.

Catalina Wherever they can find like availability.

Oscar Right. And of course, you also have your big developers that say OK, now I'm going to do all of this, but they do it at their own pace because they own a lot of land and we are surrounded by that.

Catalina, Do you see any trends of people that might be coming in from the outside and buying up more of the inner city? I drive down Springfield sometimes and I see these collapsed in houses and it's like some of the inner city is just kind of collapsing in on itself. Are civil engineers approached in these situations here in Laredo by investors from out-of-town that want to just buy this up and kind of revive the inner city residentially or even commercially? I would love to see some of these collapsing neighborhoods swept up and saved.

Oscar That's a very, very good point. We don't do it as much as we should, in my opinion. We see things like, for example, in Dallas or Austin or San Antonio where they are revamping all things that are collapsing. Like right now. They're making them trendy and nice and more modern. And I think there's a few places here in Laredo that we could do that and. And I don't know why we don't.

Catalina There's a few, but we need more investors.

Oscar Yeah, we need that. I think it would be awesome. Downtown, we could have some revamping in a few areas. I know the city has tried hard to make the downtown come back.

Catalina It has a lot of potential for sure.

A big thank you to friend and owner of PEUA Consulting, Oscar Castillo. You can find out more about PEUA Consulting by reaching out to Oscar on Linked in, Oscar Castillo P.E.

Hello Friends,

Something I want to talk to you today is a thing called a Qualified Income Trust. Now, the common everyday term for this is also a Miller Trust, and it nothing to do with the beer. This is an estate planning strategy I employ for my clients that helps them receive government benefits when they have a higher income. This type of trust allows certain people to be able to qualify for government benefits, such as nursing homes benefits and things of that nature. So how does it work? Well, first you create the Miller Trust. Within this trust, there are certain restrictions placed on what the money can be used for. Money is essentially set aside only for the benefit of that person and only certain things can be paid for with those funds. The reason I employ this estate planning strategy is because the income cap that the government imposes can be one of the reasons that prevents people from receiving benefits. The current income cap is around $2000 and change in monthly income. So, the way this trust helps is by assigning the income stream to the trust and the trust, not the person, basically gets the income. It's an irrevocable trust, meaning it cannot be changed. It cannot be modified. As a result, it has the ability to "push" the income out of the person's name, reducing their income, thus allowing them to qualify for benefits. When I meet with my clients, we discuss what would be most beneficial and advantageous to them and their situation. It is important for us to meet because everyone is different, and I need to help them plan according to their needs and the goals they are trying to achieve. They might want to put all of their income or just some of their income into the Miller Trust. But I recommend to my clients who may benefit from this strategy that they will want to put enough the trust to be sure they qualify for the benefits that they need. Once the Miller Trust is in place and their monthly income is being streamed to the trust, they can run the benefits application again and now that income that has been moved out of the person's name and into the trust, so it is no longer counted. Now that my clients qualify under the income test, the Miller Trust has done its job. Now, here's kind of the other shoe has to fall. So, the downside of a Miller Trust is that all of the accumulated funds in the trust have to go to repay the government for whatever benefits were paid out. So, if over time, if there is $10,000 has accumulated in the Miller Trust, those $10,000 dollars, upon the death of the individual, will go to the state. Now, in most cases, it is a better bargain to do the Miller Trust and go ahead and have the income pushed out and possibly lost in the future because the benefit of having the government pay for nursing home benefits is much more valuable in the moment of need. Another important thing to keep in mind is that you can do some of this estate planning ahead of time. If you plan for "what if I become incapacitated?" there are certain types of trusts that we can put in place. There could be some revokable trusts that could be started and then they become irrevocable upon a disability. So, as you can see, there's lots of different things that we can do if we have more "runway" or time to let the plan evolve. The other thing that's important is that there's a five-year look back, which means the government can look back five years and say, "Hey, during these five years, you still had these assets, so you don't qualify". Now, that's more along the lines of the assets, and that's beyond what the trust does. The Miller Trust will only help my clients qualify under the income test; it doesn't do anything to qualify under the asset test. Bottom line, the more time you have to plan for the future, the much better off you will be in being able to protect your assets and provide funds for your family once you pass, instead of it going straight to repay the government. Until next time, thank you, bye bye.

If you would like to visit with me and my team in person, by appointment or by Zoom, contact us today by calling (956) 791-5422.

Best Regards,
Joseph Michael Dickerson

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