

Letter of Instructions to Estate Plan Clients

IMPORTANT I am not a tax expert and therefore cannot and do not give any tax advice nor do I ever represent to any of my clients I am qualified to give tax advice. Any recommendations below therefore should be discussed with a tax expert prior to your execution. You should consult with a qualified CPA or accounting professional for all tax related advice.

1. **Real Property:** Your home and other real properties listed on the intake form or questionnaire you filled out have been or will be transferred into your living trust (funded). The respective county recorder's office shall be instructed to mail you the stamped recorded deed directly to your home which should show the Trust as the title holder (and you the trustee). Depending on the county this might take as little as 2 weeks or as long as 3 months. If you have not seen your deed in 3 month's time, please let me know and I will follow up on your behalf at no additional charge.
2. **Sale and Purchase of Real Property:** If at any time in the future you a) sell your home or other properties and buy another real property or b) simply add real estate properties to your holdings, have escrow name your trustee as the owner on title. The exact verbiage format provided in your living trust should be the "name" used when a signature is required. For instance, ***"John Do and Jane Do, Co-trustees of the John Do and Jane Do Trust udt dated January 1, 2022"***. This entire quote (as an example only) is your new name when writing a check from a trust account or doing anything regarding trust assets that require the signature of the trustee (formerly what you would sign just in your name, now you are signing in the name of trustee). The trustee is you. However, it is highly recommended you consult with a qualified attorney to perform this transaction to avoid legal and tax issues. You also need to fill out something called a Preliminary Change of Ownership Report (PCOR). If done incorrectly, you could create a mess that is not easy to get out of.
3. **Checking and other Accounts:** You may choose to put some or all of your cash or near liquid accounts under the name of the Trust. Some accounts have legal benefits that do not require this move but nonqualified brokerage accounts and real estate do require a transfer to the Trust for protection from unnecessary taxes and probate. Some impacted accounts include: checking, savings, credit union, money market, brokerage, investment accounts, safe deposit, stocks, mutual funds, bond, club memberships, and anything else where you want the title to be held in the name of the trust. Just know that all of your accounts will show you as trustee(s) of the named trust rather than just your name on title. **NOTE:** It is up to your discretion, but it could be a good idea to keep at least one checking account and one savings account in your regular common name outside the trust so long as you do not hold more than \$150,000 in it at any time. Most of these petty cash accounts should hold under \$50,000. Otherwise, all of your checks will show you as trustees of your checking accounts. Some people will have preconceived ideas

about what it means that you are the “trustee” of a “trust fund”. To prevent people from judging you or assuming your wealth, it could be best to just have some accounts you keep for petty cash and regular spending for every day purposes. Again, completely up to you how you handle this.

4. **Life Insurance and POD Accounts:** For all of your POD (pay on death) accounts such as life insurance policies, annuities, 401(k), 403(b), and/or deferred compensation plans, it is a good idea to name your beneficiaries directly. Usually, the proceeds are not taxable income. Then you can name the Trust as the contingent beneficiary. These POD accounts have special tax benefits that are best realized upon payment directly to your loved ones. However, I am not a tax expert so it is advisable that you consult with a CPA.
5. **IRA and retirement plans:** For certain type of retirement plans such as an IRA, it would be a good idea to name your spouse, then your children, then the trust as named in paragraph #2 above, as the contingent beneficiary similar to point #4.
6. **Personal Property and Vehicles:** It is up to your discretion, but cars and jewelry and other personal items of value need not be put into the trust so long as the total combined value stays under \$150,000 as of the drafting of this letter. This figure is subject to change with any new laws that may be passed. However, if you have any single piece or collection of items that are of fairly significant value, it could be a good idea to name them in the trust to avoid the possibility of being probated.
7. **Safe Keeping:** Remember that the **only** “record” of your trust is at the recorder’s office which has named your trust on title **IF** you had **real property** which you funded into your trust. If you did not have real property, there is no record that gives public notice that the trust exists. Upon your passing, your loved ones and your subsequent trustee need to know where to find the physical trust itself. It is a wise idea to tell your trusted loved ones where to find it and keep it in a safe place. Some place them in safe deposit box or a safe at home. It may also be a good idea to have a backup duplicate original or copy. Likewise, you may give each of your executors and trustees a copy or duplicate original of the trust/estate plan. It is up to your discretion and planning. We do not keep any copies of your estate instruments. It is entirely your responsibility to handle this with care.
8. **Social Media:** Now a days, most people have social media accounts such as Facebook Instagram, Twitter, Linkedin, TikTok, and some chat software such as KaKao Talk, etc. Many of these accounts permit the account holder to name an agent or successor in the case the account holder deceases. You should contact your social media customer service and figure out how to name a successor in case of death or incapacitation. Furthermore, you can create a login sheet and attach it to your estate plan so that the trustee can have your logins.
9. **Scams:** Once you record a deed, it becomes public record. There are businesses out there that try to capitalize on people’s fears by sending unsolicited notices that

look and feel like “official” government documents except for one thing. If you look closely, usually in the upper right corner or in the footer in fine print they will actually let you know that it is not an official government document. Once confirmed, shred and ignore it. If you have concerns, contact an attorney.

10. Certificate of Trust: If you paid for and received the Certificate of Trust, this section is for you. The Certificate of Trust is a notarized document that is used to simplify the process of proving you are the trustee of the trust to third parties such as banks where the accounts are under the trust. The Cert of Trust allows you to use it in place of the entire trust instrument. It proves that you are the trustee of the trust. This document is useful for banking and other places that require proof that you are the trustee of the trust so that you can execute certain transactions. The taxpayer ID is either of your social security numbers. If you are married and created the Trust as a married joint couple then a couple of places in the Trust instrument point to your powers. Division X list the A. General Powers and B. Specific Powers of the Trustee. There may be other applicable sections based on the circumstances. A copy of Division X should be attached to the Certificate of Trust when in use to show a third party you are the authorized trustee.

11. Final Words

It has been a pleasure and an honor to have been entrusted to draft and deliver your estate plan / trust documents to you. I hope that this gives you peace of mind as it seems to do for most of my clients. Rest assured that your beneficiaries will get to receive the fullness of what you have worked so hard to build for them. They will know you’ve taken every precaution possible for their benefit. As a final reminder, I do not keep any copies of your estate instruments. What you have is the only original executed estate plan.

Be well and God bless.