



ROBERT J. SILVERMAN, ESQ.
*Berding & Weil LLP,
 Attorneys At Law*



"Helping you protect what you value most"

ESTATE PLANNING

ESTATE ADMINISTRATION

REAL ESTATE

BUSINESS

PRACTICAL CHECKLIST FOR GROWN-UPS—PART II!

In my last newsletter (Spring), I presented a checklist for important financial/estate-related matters to which we should all attend, but sometimes neglect in the course of our busy lives. This newsletter features additional items that I hope will be helpful.

Q-1 Do your insurance policies covering your automobiles, personal property, general liability, and real estate cover you as well as they should, and are you paying more than you should for them?



A-1 First, you should obviously work with a qualified, service-oriented insurance agent or broker, who will help you obtain and maintain appropriate policies from a highly rated insurance company. It is smart to review your policies periodically to ensure that you have a broad scope of coverage for your various needs, and coverage limits that afford you reasonable protection. One specific reason you should conduct a review if you have not done so in the last few years is that real estate values and construction costs have risen dramatically over the last decade, and consequently you may be under-insured in the event a fire

damages or destroys your home. Also, if you do not already have an "umbrella" policy, you should talk to your insurance agent about purchasing one to substantially and cost-effectively increase the dollar coverage limits on your underlying policies (e.g. auto, home).

Q-2 Given your cash flow, age, equity, and how long you expect to own your home (and/or your investment property), is your current mortgage optimal for each property your own?

A-2 Myriad loan products are available in today's mortgage marketplace. This enables property owners to customize their monthly payments, payoff terms, and access to equity, in a manner that best suits their needs. Given changes in your personal and financial circumstances, the loan you obtained when you bought or last refinanced your property may no longer be optimal. Of course, you have undoubtedly read about the sub-prime mortgage crisis, and that many homeowners have been hurt with inappropriate loans (particularly when matched with high loan-to-value ratios and recent stagnation or decline in

home values). So, you certainly need to be careful; but, it's worth checking with an honest, knowledgeable mortgage broker to see if you can improve your situation by refinancing. Also, if you are 62 or over, you may benefit from a reverse mortgage. Many myths surround reverse mortgages, and some early renditions of this product were problematic. Nevertheless, reverse mortgages are now highly regulated and can be extremely helpful in paying for long-term care or simply making retirement more comfortable for seniors who plan to stay in their homes at least another 3-5 years.

Q-3 Do you have life insurance that is appropriate and cost-effective for your needs?

A-3 Life insurance is not for everyone, but it can serve one or more very useful purposes, including: providing a source of funds to replace your income for your spouse if you, the primary wage-earner, die prematurely; creating a fund to pay off your mortgage; serving as an income tax free savings vehicle; and



The material in this newsletter is not intended as legal advice, comes with no warranties of any kind, and neither the author or the publisher assume any responsibility for the accuracy or reliability of the information contained herein or for publishing updates hereto.

**PROVIDING PRACTICAL
LEGAL SERVICES IN
THE FOLLOWING AREAS:**

ESTATE PLANNING

- ◆ Living Trusts
 - ◆ Wills
- ◆ Durable Powers of Attorney for Management
 - ◆ Advanced Health Care Directives
- ◆ Life Insurance Trusts
 - ◆ Charitable Trusts
- ◆ Special Needs Trusts

ESTATE ADMINISTRATION

- ◆ Trust Administration
- ◆ Probates (throughout California)
- ◆ Administration of Small Estates
 - ◆ Spousal Property Petitions
 - ◆ Will & Trust Disputes

REAL ESTATE

- ◆ Residential & Commercial Purchase/Sale Transactions
 - ◆ Commercial Leasing
- ◆ Co-Ownership (aka TIC or Equity Share) Agreements
 - ◆ Buyer/Seller Disputes
 - ◆ Notes & Deeds of Trust

BUSINESS

- ◆ Small Business Purchase & Sales Transactions
- ◆ Business Entity Formation (corporation & LLC's)
 - ◆ Contracts
- ◆ Business/Employment Matters

continuation

providing liquidity to pay estate tax, if necessary. If you already have one or more policies, it is wise to have a life insurance agent or broker review your insurance. You may be able to improve your coverage. Older “permanent”/cash value (vs. “term”) policies may have been sold to you based on unrealistic projections, and may require a prohibitive increase in premiums to maintain the level of insurance you expect (or to maintain any at all). Furthermore, life expectancy tables have been adjusted upward in recent years to reflect that people are living longer, and this has triggered lower premiums in many cases.

Q-4 Do you own a sole proprietorship business or real estate investment property in your own name or jointly with your spouse?

A-4 If you own a sole proprietorship business or real estate investment property titled in your own name(s), your personal

assets are vulnerable to lawsuit judgments. Given how litigious our society is, it is prudent to take reasonable steps to secure your home and other personal investment assets against potential business or real estate-related creditors. For this reason—asset protection—as well as estate and gift tax mitigation, and management/control factors, forming and holding title to business and investment property in a business entity (e.g. an LLC or a corporation) is often advantageous. The business entity is then typically transferred into your living trust to afford you its many benefits.

Once again, if you believe you may benefit from referrals to financial or insurance professionals, I would be happy to refer you to candidates who may be able to assist you.

Enjoy the Summer!!!

Rob

The material in this newsletter is not intended as legal advice, comes with no warranties of any kind, and neither the author or the publisher assume any responsibility for the accuracy or reliability of the information contained herein or for publishing updates hereto.

BERDING & WEIL LLP (25+ ATTORNEYS): Homeowners Association/Common Interest Development matters; Real Estate Litigation; Neighbor Dispute; Business Litigation; Construction Matters; and Class Action Lawsuits



3240 Stone Valley Road West
Alamo, CA 94507

o. 925-838-2090

f. 925-820-5592

e. RSILVERMAN@BERDING-WEIL.COM