



January 2019 Newsletter

Have you done your Texas estate planning? If not, do it now!

Source: TexasLawHelp.org

I run into quite a few people in my Houston, Texas consumer bankruptcy law practice that have suffered needless hassle and expense because a loved one did not do any proper estate planning prior to their death.

I know it is unpleasant to think about death, but it is a fact of life that we will all pass away someday. Do your loved ones a great favor by doing a little work now to save them a huge amount of difficulty later.

Estate planning means making a plan for how you want to divide your property after you die. Part of estate planning is deciding in advance who should be in charge of your medical and financial affairs if you are unable to make important decisions for yourself.

An estate plan states how you want your property to be distributed after you die. A plan can include any combination of a will, a trust, powers of attorney, special deeds for real estate, a set of documents called advance directives, and other estate planning forms

Don't assume that your spouse will get all of your property when you die. If you die **intestate** (without a will), Texas law will determine your heirs based on close blood relationships. Heirs include *all* of your children, including those from past relationships. Heirs do not include your significant other, friends, or stepchildren.

Your grandchild won't inherit from you unless the parent (your adult child) dies before you. Along with identifying heirs, the probate court must classify your property as real estate or personal, community or separate. Dying intestate is a lengthy and expensive process, with fees and court costs paid from your estate. A will isn't a way to avoid probate, but it does ensure that your property will pass according to your wishes and with minimal court involvement.

With or without a will, some assets are not included in probate. Insurance proceeds, retirement funds, bank accounts payable on death and similar assets pass to the beneficiary you named on the contract or account when you opened it.

Joint bank accounts, as well as any real property held jointly with a right of survivorship, pass to the other joint owner(s). Please check to make sure that the beneficiary information on each of (See **Estate Planning next page**)



Do your estate planning now, while you can and you are doing a "labor of love" for your survivors. Don't do it and you may be leaving them a big mess. Or worse, your property may not go to who you intended.

Quotes:

Successful people begin where failures leave off. Never settle for "just getting the job done." Excel!

—Tom Hopkins

Do what you can to show you care about other people, and you will make the world a better place.

—Rosalyn Carter

Tomorrow is often the busiest day of the week.

—Spanish proverb

Our law firm is a federally designated Debt Relief Agency under the United States Bankruptcy Laws. We help people find answers to their debt problems, including when necessary, helping them file bankruptcy under the United States Bankruptcy Code.



Tax Evasion is What Brought Down Michael Cohen

Once again, it's tax evasion that will send someone to prison every time, and in Michael Cohen's case, brought by Federal Prosecutors in New York, it's no different for the former lawyer of President Trump. Cohen was sentenced to 36 months in prison, which in part was for five counts of tax evasion.

The tax evasion charges stem from his failure to report income earned from his taxi fleets in New York and Chicago on his 2012-2016 income tax returns totaling over \$4 million. In addition, Cohen failed to report \$100,000 he made selling property in Ocala, FL in 2014, a \$30,000 profit he earned for arranging the sale of a couture Birkin

(Estate Planning from first page) your accounts is up to date; once you pass away, it is too late to change it!

Revocable or "living" trusts, when used properly, can help you avoid probate. But all of your property must be transferred to the trust while you are alive. You keep control of your assets, and can revoke the trust anytime until death. Most people also do a "pour-over" will so that any omitted or forgotten assets can be transferred to the trust after death.

Powers of Attorney and Advance Directives give another person the right to act on your behalf if you become incapacitated and can help prevent the need for a guardianship, which can be expensive and unpleasant. They can be revoked at any time, and expire when you die.

A **Power of Attorney (POA)** can be broad or limited, depending on what you authorize your agent to do. Powers can include business and financial decisions, purchase and sale of property and many other decisions. If it permits the sale of real estate, the POA must be recorded in the county deed records where the property is located. Note: A General Durable Power of Attorney allows your agent to do almost anything in your name except make medical decisions. ***Be fully informed before signing any power of attorney.***

handbag and \$200,000 in consulting fees he made from an assisted-living company.

In addition to jail time, as part of his plea deal, Cohen has agreed to pay restitution to the Internal Revenue Service in the amount of \$1.5 million. ■

Internal Revenue Service accepts \$1078 to settle our clients' tax debt of \$325,300

A Porter, Texas couple had little education and basically grew up on the streets. They became bikers, and were addicted to drugs and alcohol. Needless to say, they filed very few tax returns. In his 60's the husband developed heart problems, and that caused him to turn his life around. We helped them file their delinquent returns, and then we prepared and filed a settlement offer for \$1078 to the I.R.S. for them to settle their \$325,300 tax debt.

The I.R.S. at first rejected the offer so we appealed. We had a hearing with an Appeals Officer, and it didn't look good for our clients because of their long history of "non-compliance" with tax requirements. The I.R.S. said that accepting the offer would "not be in the best interest of the government." But then we provided additional information and documents to the Appeals Officer. After almost two years, the I.R.S. finally accepted the offer, agreeing to take \$1078 to settle our clients' tax debt of \$325,300. Now our clients will have their tax problems behind them and can get on with their life. ■

Advance Directives communicate your wishes about medical care and end-of-life decisions to family and physicians if you become incapacitated. These include a Directive to Physicians and Family or Surrogates, Medical Power of Attorney, and Out-of-Hospital Do-Not-Resuscitate (DNR) .

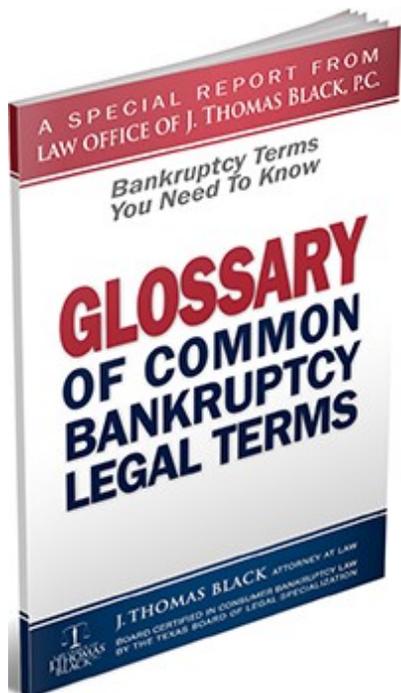
Special deeds allow for the transfer of real estate outside of probate, making it easier for the beneficiary or grantee to take possession of the property after you die. Some can also shield real property from a Medicaid Estate Recovery Program (MERP) claim by the government to recoup the cost of state services you received while alive (such as nursing home care)

Life insurance is critically important if you have dependents. Make sure you have enough term life insurance to provide for them in the event of your death. I interview many people with children and all the insurance that they have is what they have at work, which is often just enough to bury them or at most 1 or 2 times annual salary. How much you need varies due to your circumstance, but you may need 10-12 times your annual income to protect a young family.

Contact us for more information; we do basic estate planning for our clients. ■

Protect older relatives from theft and fraud

Turn on the news and you're sure to hear about the latest scam targeting the elderly, but some of the stories we don't always hear are the ones that hit closer to home. These are the stories about how your Great-Aunt Sylvie's no-good son was draining her bank account while keeping her a prisoner in her home, or how a widowed neighbor in the early stages of de-



If you are in a bankruptcy or are considering filing a bankruptcy, and are struggling with some of the legal words or terms, request our Special Report, "Glossary of Common Bankruptcy Legal Terms." You can download your free copy at jthomasblack.com or pick one up at the office.

mentia was robbed by the drug addict son of the gardener. Here are a few suggestions from AARP that you should consider if you are concerned about the welfare of an aging parent or relative:

- **Stay connected.** Isolation makes the vulnerable among us easy prey. If you are unable to visit with elderly relatives during the week, make sure you are checking in often by phone, and through social media or video if possible. Apps like FaceTime, Skype, WhatsApp, and others allow you to connect in real time. This will make it easier to assess your loved one's health, well-being, and living environment.

- **Keep an eye on caregivers.** Personally interview and check the references for anyone assigned to care for your relative in their home. Keep an inventory of jewelry and other valuables, or keep those items locked in a secure location. Make a surprise visit during a time when the caregiver is scheduled to be there to gain insight on whether the arrangement is working.
- **Create a system of checks and balances.** Get power of attorney to handle the medical and financial aspects of your loved one's care, but remember that those and other financial responsibilities can be shared to keep everyone accountable and informed of what is happening. It's important to note that a relative with a history of substance abuse, gambling, or money problems is not a suitable candidate to enlist for any of these matters.
- **Check or monitor their mail or phone use.** This relates to an experience that I had with my elderly mother who was living alone. She was victimized by these so-called "sweepstakes scammers" who bilked her out of money, claiming that she won a sweepstakes. Then they told her she just needed to pay "handling fees" to get the money. They were able to reach her through the mail, and also phone calls, at least some of which came from overseas. ■

Thank you for your referrals!

We accept referred cases in the following areas-

Chapters 7 & 13 Bankruptcy.

I.R.S. Settlements and Payment Plans.

Stop Foreclosure and Repossession.

Debt, Lawsuit & Judgment Settlements.

ARE YOU IN CHAPTER 13 NOW?

PLEASE always keep the law office updated with your current address, telephone numbers, and email address. We may need to reach you quickly.

You can check on the status of your Trustee payments, how much you still owe on your case, etc., by going to www.ndc.org to set up your user ID and password.

Are your chapter 13 plan payments too high? Lose job or overtime? It may be possible to surrender property or if your situation has changed to lower your payments. If this is your situation, contact our office for an appointment to prepare a Motion to Modify.

J. Thomas Black was licensed as an attorney in Texas by the Texas Supreme Court in May, 1982. Mr. Black is Board Certified in Consumer Bankruptcy Law by the Texas Board of Legal Specialization.



Woodlake Plaza
2600 S Gessner Ste 110
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A Little Humor – The “name that restaurant” edition...

An elderly man was talking with his son: "Your mother and I tried a new Chinese restaurant the other night. It was really good. I think you would enjoy it."

Son: "Really, dad, I'll have to try it. What's the name of the restaurant?"

Elderly man: "Oh, let's see,what WAS the name....I just can't quite think of it.... what's the name of a flower.....real popular..... long-stemmed.....thorns.....?"

Son: "Rose?"

Elderly man: "Yes! That's it! Hey Rose, what was the name of that new restaurant we went to the other night?"