



We help successful families, business owners and real estate owners minimize income and estate tax, better protect assets and transfer your legacy and family values to the next generation.



GORALKA
Law Firm, PC

Preserve, Protect & Enhance
Your Legacy

The Goralka Law Firm Newsletter
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FEBRUARY 2024 NEWSLETTER

Happy Lunar New Year!

by John M. Goralka, Esq.

IN THIS ISSUE

Welcome the Year of the Dragon!



In the west, the Lunar New Year or Spring Festival is often referred to as Chinese New Year. However, the Lunar New Year is the most celebrated and longest of all Asian festivals and is celebrated by millions of people worldwide.

The Lunar New Year begins between January 21 and February 20 each year. The New Year starts on the new moon nearest the midpoint between the winter solstice and the spring equinox. This year,

LEAD ARTICLE:

[Happy Lunar New Year!](#)

ARTICLE:

[Seeking to Transfer Wealth to Future Generations, Consider the Family Limited Partnership](#)

ARTICLE:

[Use Your Estate Plan to Save Tax Now!](#)

ARTICLE:

[Welcome Timothy Zamanigan](#)

RECIPE OF THE MONTH:

[Easy Olive Garden Zuppa Toscana Soup](#)

[Thoughts of the Day](#)

[Client Testimonials & Online Reviews](#)

[Contact Us](#)

the Lunar New Year is celebrated on February 10, 2024.

The traditional Chinese calendar is lunisolar calendar based upon astronomical observations of the Sun's position in the sky and the Moon's phase. The Chinese calendar dates back to the 14th century BC. Note, that the Gregorian calendar was introduced by Pope Gregory XIII in 1582.

Prior to the start of the official holiday...[**READ ON**](#)

-John



THOUGHTS OF THE DAY

"Most people are about as happy as they make up their minds to be."

- Abraham Lincoln

"Life is what happens to us while we are making other plans"

- Allen Saunders

"Be brave enough to live the life of your dreams according to your vision and purpose instead of the expectations and opinions of others."

- Roy T. Bennett

Seeking to Transfer Wealth to Future Generations, Consider the Family Limited Partnership

by John M. Goralka, Esq.

The Family Limited Partnership ("FLP") is a classic technique to shift income and wealth to your children and future generations.



We began this structure with a client about 25 years ago. Ownership in income producing real estate now includes both children and grandchildren of mom and dad, who were my initial clients. No estate tax was owed upon the either parent's death, ownership was transferred to their children and grandchildren. Income is shared with future generations. This Transfer of Wealth was made in a very tax efficient manner the FLP operates as an ongoing legacy for this family. The FLP continues to grow and recently expanded into another state taking benefit of the opportunity zone tax benefits.

Basic Concepts

The parents create the Family Limited Partnership. Initially, the parents will hold the general partnership interests, say 2 percent. As general partners, the parents maintain virtually full control of the business. A limited partner's right to vote is limited to voting on very limited issues such as the sale of the company or to approve dissolution. The remaining 98% of the FLP interests would be nonvoting. All management of the day-to-day operations of the FLP are vested in the general partners or parents.

In some states, such as California,...

[LEARN MORE](#)

Use Your Estate Plan to Save Tax Now!

by John M. Goralka, Esq.

Upstream basis planning is a trust strategy that can save wealthy people on their capital gains taxes and income taxes associated with highly appreciated assets.



An upstream basis trust can be used to minimize capital gains on assets sold during your lifetime. This is done by providing an older family member (mom, dad or grandpa) a power of appointment in your trust holding appreciated assets with low or no basis.

A general power of appointment (“GPOA”) empowers the holder of the power to give away or direct the distribution of your property upon your death. This “power of appointment” provides a step up in the assets in the trust upon the power holder’s death.

You do not have to inform the power holder (mom, dad or grandpa) that they hold this power. You can also limit the exercise of this power to require the prior written consent of another person who is not related to or subordinate to the power holder. The power itself can be somewhat limited such as appointing

assets to a creditor.

Greater care must be taken if the designated power holder lacks capacity when granted or given their power. If so, consider stating that an agent under a durable power of attorney or guardian could act. Note that this would typically mean that the agent is designated in a pre-existing valid durable power of attorney.

Example. Son buys an office building (or Apple Stock) for \$1 million. The building or stock is now worth \$10 million. If sold, a capital gain of 20%-33.3% might be owed. If held in trust granting dad a GPOA and dad dies, the income tax basis is increased to the fair market value as of the date of death. If the building or stock is sold at or around that date, no tax on the capital gain. A tax savings of \$2 million to \$3,333,000. If the asset is not sold and subject to depreciation such as a building, the depreciation is now recalculated with a basis of \$10 million. This will provide a substantial tax savings even if the building is not sold.

This upstream basis trust was recently discussed at the 2024 Heckerling Tax Conference which is one of the premier estate planning and tax planning educational events held nationally each year. We have been utilizing this technique for years. Please see our earlier Kiplinger article for more information on this.

[READ MORE ON KIPLINGER](#)

Welcome Timothy Zamanigan

by John M. Goralka, Esq.

Timothy recently joined The Goralka Law Firm as an Associate Attorney.



Timothy Zamanigan has been a Sacramento-area attorney for the past seven years and is excited to join the Goralka Law Firm family. Originally from Southern California, Timothy ventured north and received both his Bachelor's Degree and Juris Doctor from UC Davis, making him a proud alumnus and "Double Aggie" - and he's stayed in the area ever since.

As an attorney, Timothy derives satisfaction from positive client interactions, assisting others in understanding legal concepts, and helping find resolutions that give clients a sense of security and peace of mind. Timothy is already helping clients with estate planning, trusts, and probate administration, as well as business matters. In his down time, Timothy enjoys music, drawing, hiking, and hosting game nights for his friends. He's happy to be of service to families in the area who are looking for assistance in estate planning, probate, and trust administration.

CLIENT TESTIMONIALS

"Everyone in the firm was knowledgeable, courteous, and friendly. A very professional firm and I would recommend to them to anyone looking for help in this matter."

- John S.

Video Testimonial - Multi-Generational Success Story

Watch the five generation success story of HD Distribution, a company that started in 1995, and the role that the Goralka Law Firm played to continue that success.

"You have been excellent to work with. John Goralka is kind, patient, understanding, and most importantly is excellent at explaining the "in's" and "out's" of living trusts in terms that everyone can understand."

- Simone P.



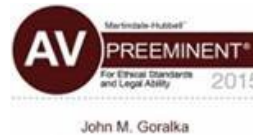
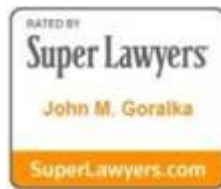
See the video on our YouTube channel: [A Multi-Generational Success Story](#)



Thanks to all of our clients for their business and referrals over the years. Reviews like these are a reminder about why we do what we do and reaffirms that we are not simply just preparing legal documents, but we're cultivating relationships and really helping families and their loved ones with transformational changes for generations to come.

Can you do us a huge favor and take a couple minutes of your time to leave us some feedback and a review online at one (or more) of the following websites:





RECIPE OF THE MONTH

Easy Olive Garden Zuppa Toscana Soup

Winter wind and rain is perfect soup weather. This is a family favorite that I hope you enjoy.

This Easy Olive Garden Zuppa Toscana Soup is a super quick and simple copycat recipe with rich, creamy flavor you can't resist!



What is Zuppa Toscana?

"Zuppa" means soup in Italian. "Toscana" refers to the Tuscany region of Italy. Therefore, "Zuppa Toscana" translates to "Tuscan soup" or "Tuscan-style soup." Traditionally, this soup is made with lots of veggies, beans, potatoes, olive oil, spices, Italian bacon, and Tuscan bread.

The American (Olive Garden style) version adds Italian sausage and bacon, garlic, and heavy cream in addition to the potatoes and kale. While the American version might be a little on the heavier side, this soup eats like a meal.

Makes: 4 servings

Prep Time: 10 minutes

Cook Time: 30 minutes

Total Time: 40 minutes

INGREDIENTS

- 1 pound spicy Italian ground sausage - use mild for kid-friendly
- 4 tablespoons butter
- ½ white onion - diced
- 1 tablespoon minced garlic
- 6 cups chicken broth
- 2 cups water
- 4-5 yellow potatoes - cut into 1-inch pieces
- 3 teaspoons salt - or to taste
- 1 teaspoon black pepper
- 2 cups heavy cream
- 4 cups chopped kale
- Optional: chopped bacon or bacon bits and grated parmesan cheese for topping

INSTRUCTIONS

1. In a large pot saute sausage 5-6 minutes until browned. Use a slotted spoon to transfer sausage to a plate and set aside.
2. In the same pot, add butter and sauté onions over medium heat until translucent. Add garlic and sauté for another minute until fragrant.
3. Add chicken broth, water, potatoes, salt, and pepper and bring to a boil. Boil until potatoes are tender.
4. Stir in kale, and heavy cream. Add sausage. Taste and add salt and pepper if needed.
5. Serve garnished with grated parmesan cheese and/or bacon if desired.

Notes:

- The sausage: if you have regular ground sausage, simply add 1 teaspoon dried Italian herb seasoning or Herbs de Provence + a pinch of crushed red pepper flakes.

Enjoy! 😊

Recipe provided by: Creme De La Crumb: <https://www.lecremedelacrumb.com/easy-olive-garden-zuppa-toscana-soup/>

CONTACT US

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NOTE: The client testimonials featured in this newsletter and on our website are from actual clients of The Goralka Law Firm, P.C. Their full names have been redacted to protect their privacy. These client testimonials do not guarantee your particular results.

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