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The Goralka Law Firm Newsletter
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MAY 2023 NEWSLETTER

Memories of Mom

by John M. Goralka, Esq.

IN THIS ISSUE



My mom was an amazing person. She was a professional chemist (in an era when few women had careers, let alone a career in science), a teacher in schools located in the roughest areas of Chicago, and the mother of nine not so angelic children.

She loved mimosas for family gatherings,

LEAD ARTICLE:
[Memories of Mom](#)

ARTICLE:
[Don't Throw Away a \\$12.06M Estate Tax Exemption by Accident](#)

ARTICLE:
[How You Can Reduce Capital Gains Taxes with a Two-Year Sale Strategy.](#)

THANK YOU, ALEC PRINZE!
[Bank Failures Shine Light on Interest Rate Risks](#)

JOHN'S RECIPE OF THE MONTH:

especially on Mother's Day brunch. We rarely went to restaurants because there were so many of us, especially when we were so young. Mother's Day always featured a scrumptious brunch with eggs, French toast, pastries, and great conversations.

My mom and dad loved theatre, and both had a great sense of humor. My first play was Sound of Music at The Circle Star Theatre. Many years later, the first play that I shared with my daughter was Sound of Music in the round at Sacramento's own Music Circus. Back then, the air conditioning was when the tent flap was open. Mr. Leatherby would be on hand to personally scoop ice cream. Three to four years later, Sound of Music was Patrick's first play as well.

When I hosted the family for Mother's Day brunch, we used the crockpot Denver omelet recipe that I was certain would never work ([recipe included in this newsletter for you!](#)). This really is an easy and tasty meal, especially for a large group.

My mom was an amazing person... somehow time goes by way too fast. My dad passed away about 10 years before my mom. Statistically, this is very common- one spouse before the other and most often the man. My fate is certainly sealed.

This can create an estate planning trap in today's world. The current estate tax exemption is \$12.92 million per person (\$25.84 million per couple.) However, on January 1, 2026, the estate tax exemption falls by one-half (1/2) to 5.49 million adjusted for inflation to approximately \$6.02 million.

While the surviving spouse may not be concerned about an estate tax with an estate under \$12 million, if he or she survives to January 1, 2026 (and we all hope to), then that same estate may be

[Crockpot Denver
"Omelette"](#)

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THOUGHTS OF THE DAY

"I can't change the direction of the wind, but I can adjust my sails to always reach my destination."

—Jimmy Dean

"The less you respond to negativity, the more peaceful your life becomes."

—Gautama Buddha

"Don't let what you cannot do interfere with what you can do."

—John Wooden

subject to estate tax. Estates of \$5 million or more may consider filing a portability estate tax return to “port” or transfer the deceased spouse’s unused exemption to the surviving spouse. See my Kiplinger article title, [“Don’t Throw Away a \\$12.06M Estate Tax Exemption by Accident”](#) for more information on this important planning alternative.

Wishing all of you a very Happy Mother's Day!



John

Thank You, Alec!



Special thanks to [Alec Prinze](#) for his timely and informative discussion on investment concerns in light of the recent bank failures. In particular, Alec explained the mechanics of the Federal Deposit Insurance Corporation (FDIC) and the insurance protection provided.

Alec also identified alternatives to enhance the FDIC insurance including an Enhanced Savings

Program providing a very competitive interest rate (4.50% on April 3, 2023, though the rate may vary) and FDIC insurance protection for up to \$50 million on deposit.

[LEARN MORE](#)

How You Can Reduce Capital Gains Taxes with a Two-Year Sale Strategy

by John M. Goralka, Esq.
Courtesy of Kiplinger

You can also save money on net investment income taxes.



If you plan to sell a substantially appreciated asset, property or business, you can save money with what's called a two-year installment sale. Basically, it's a double-sale strategy to create a taxation timing gap between when the asset sale proceeds are received and when they're taxed.

Here's how it works: You can sell the asset to your children or to a separate trust (sometimes referred to as a "deferred sale trust") on a long-term installment sale. That way, your children or other beneficiaries can receive the full value and enjoyment of the property before the gain is recognized and subject to taxation. At that point, the property can be sold to a third-party buyer

for cash.

For example, let's say you own Blackacre, a parcel of land that you originally purchased for \$200,000. Today it has a fair market value of \$1 million. You want it to benefit your children, so you sell it to a non-grantor trust in exchange for a 10-year installment note. This non-grantor trust, which is a taxable entity, receives a stepped-up basis of \$1 million for the property. You receive two payments of \$100,000 from the non-grantor trust and recognize a gain of \$80,000 on each payment. But after the second payment is made...

[READ ON](#)

Don't Throw Away a \$12.06M Estate Tax Exemption by Accident

by John M. Goralka, Esq.
Courtesy of Kiplinger

Many married couples fall into the "portability trap." They fail to file an IRS form after one spouse dies and accidentally forfeit a massive federal estate tax exemption.



The federal estate tax exemption and gift exemption is presently \$12.06 million. A married couple can transfer \$24.12 million to their children or loved ones free of tax with proper planning. The exemption is tied to inflation, so it will continue to rise. Why should we be concerned about estate tax if our estate is less than

\$12.06 million?

If gridlock continues for legislation affecting taxation, then the exemption drops to approximately \$6 million on Jan. 1, 2026 (\$5.49 million indexed for inflation) under current law. Joe Biden's presidential campaign included a proposal to further reduce the exemption to \$3.5 million. No one knows what the long-term future may bring.

How Married Couples Can Lose a \$12.06 Estate Tax Exemption

In the event of a death, we should consider...

READ ON

CLIENT TESTIMONIALS

“After reaching out to Attorney Goralka, I received a prompt response within just 10 minutes. He expertly answered all of my questions and concerns regarding the sale of a business and property taxes during the wind-down phase. I was impressed by John's extensive knowledge and thoroughness in addressing all aspects of the process. Thanks to the high level of professional service he provided, I plan to use John's services for my personal property taxes as well.”

—Gary E.

“If you're looking for an attorney who is both responsive and knowledgeable, look no further than John Goralka. He helped us with our property tax appraisal values for our primary and

“My family needed some straight-talk expert advice on a tax issue related to my father's death, passing away without a will. After hours of research on the Internet, we decided to consult Attorney John Goralka due to his impressive credentials. And we are glad that we did. John is a knowledgeable and caring professional. At the initial consultation, he listened patiently to our story and explained our options clearly without pressuring us to hire him. Throughout our engagement, John continued to be our helpful and reassuring advisor. Even though the amount at stake in our case was quite modest compared to others he handled, John understood our concerns and could think from our perspective. His responses to

investment homes, communicating with us throughout the process and ultimately reducing our tax burden. We highly recommend him for property tax legal needs and estate planning.”

—Milan N.

our questions were always very prompt and easy to understand. He made a stressful situation much less so. Working with John on my family’s tax matters and so many other things was a pleasure.”

—Joseph C.

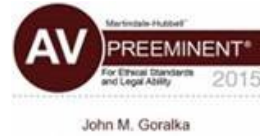


Thanks for these lovely reviews! It's a reminder of why we do what we do!

And 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 JOHN'S CROCKPOT DENVER "OMELETTE"

My typical style of cooking would be "survival cooking." When I had two small kids to feed, I learned to make do with what I had in the refrigerator or would borrow from my neighbors Ron and Bonnie. A quick pick up from the grocery store was not so quick with a 3-year-old and a 6-year-old. I would more regularly than I would sometimes like to admit send Liz across the street with a note asking to get a ½ cup of milk or a



stick of butter. Ron and Bonnie were true life savers. I would send a really expensive bottle of wine as payment to ease my guilt and embarrassment. I did not learn for over 10 years that Ron and Bonnie did not drink.

This Crockpot Denver "Omelette" was a favorite when I had company over for brunch. I could mix everything the night before and then put it into the crockpot to cook in the morning virtually unattended while we enjoyed the morning. I hope that you enjoy this recipe as much as we did with our mimosas.

INGREDIENTS

- 12 large eggs
- 8 ounces ham, cooked & diced
- 1 large bell pepper, diced
- 1 cup onion, diced

- 2 cups cheddar cheese, shredded, divided in two
- 1/2 cup milk of your choice
- 1 teaspoon salt (or more)
- 1/4 teaspoon pepper

DIRECTIONS

1. Spray slow cooker generously with cooking spray (or use a liner for quick and easy cleanup).
2. In a medium-size bowl, mix together eggs, milk, salt, and pepper.
3. Stir in bell pepper, onion, ham, and half of the cheddar cheese.
4. Pour mixture into the slow cooker.
5. Cook HIGH 3-4 hours or LOW 6-8.
6. Top with remaining cheddar cheese.

Enjoy! 😊

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DISCLOSURE: Alec Prinze is an investment advisor with Raymond James Financial Services Advisors, Inc. Prinze Foundational Planning is not a registered broker/dealer and is independent of Raymond James Financial Services. Securities and Advisory Services offered through Raymond James Financial Services, Inc. Member FINRA/SIPC. Prinze Foundational Planning, Raymond James and the Goralka Law Firm, PC are separate entities.

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

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