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As springtime arrives in Colorado, we have hope and confidence that there are better days ahead. We wish all of our readers a season of health, recovery, and new beginnings.

Estate Planning Silver Lining to Stock Market Drop

Jereme L. Baker,
Managing Member

If your retirement and investment accounts are down, rest assured, you're not alone. On March 23rd of this year, the S&P 500 was down over 30% from its recent highs. While stocks have rebounded, the major indexes are still well below their 2020 highs.

I'm not writing this article to pound into your head the fact that the equity markets are down (the major news networks have sufficiently done this). Instead, I hope to offer



you a silver lining by suggesting a few ways you can actually take advantage of these losses as it relates to your estate planning and financial accounts.

1. Low tax rates result in significant discounts on IRA conversions

If you convert an IRA to a Roth IRA today, you are

effectively paying taxes now, while markets are down and tax rates are lower under the Tax Cuts and Jobs Act.

2. Today's low interest rates create an opportunity to refinance your mortgage debt

You should also consider taking out a reverse mortgage or line of credit, depending on your specific circumstances.

3. Low or No interest loans to your loved ones allow tax-free transfer of assets

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The Power and Risks of Beneficiary Designations

Brian R. Petz, Associate Attorney

Many people have heard horror stories of the probate process: money and real estate locked up for years, thousands of dollars in attorney fees, and blow-out family disputes. While those horror stories certainly exist, they are most likely the exception to the rule, and in our experience, they are frequently the product of poor, little, or no estate planning during life.

One of the most efficient methods to pass a significant portion of your estate to your successors is by maintaining beneficiary designations on your various financial accounts and other assets. A beneficiary designation, sometimes referred to as a payable on death ("POD") or transfer

on death ("TOD") designation, allows you to designate the person(s) to whom those assets will be transferred upon your death. During your life, you are the sole owner of the asset, and the beneficiaries have no rights in them.

The major benefit of having your beneficiary designations in place is that such assets are considered "non-probate" property and will avoid probate entirely.

Examples of assets for which you can typically include beneficiary designations include: Checking and Savings Accounts; Life insurance; CDs, Annuities and retirement accounts (401(k)s, IRAs, etc.); and Individual brokerage accounts.

In addition, the majority of states, including Colorado, also permit the use of a "Beneficiary Deed" for real property, allowing you to automatically transfer ownership of your home or other real estate to your chosen successors upon your death. As with POD and TOD designations, the chosen beneficiaries have no rights to the real estate during your life.

However, special care and attention should be paid when managing your beneficiary designations.

For instance, if you include more than one person as a grantee-beneficiary under a Beneficiary Deed to your home,

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Baker Law Group Employee Spotlight: Chris Adams, Law Clerk

Years with Baker Law Group: 2 **Years as a Law Clerk:** 2

Years in Colorado: 6, including college

State of Origin: Born and raised in Southern California, Colorado for undergrad (University of Denver), and Boston, Massachusetts for law school

Hobbies and Interests: I have coached swimming for 15 years and am currently coaching the 9/10 year old group for Colorado STARS. I am also a level 2 USA water polo official. Between those two activities, I spend lots of evenings at the pool and weekends traveling to swim meets or water polo tournaments. I also enjoy hiking, camping, cooking, and trying new restaurants.



Why I Chose a Career in Law: I chose this career because I want to help people. I have always enjoyed looking at situations from varying angles and law is a perfect avenue to dissect situations to find the best solution to others problems and needs.

Interesting Facts About My Home States :

- California was settled by the Spanish and has a system of 21 missions between San Diego and San Francisco. The mission system was established by Father Junipero Serra and the missions are located a day's horse ride apart.
- Boston was the birthplace of the American Revolution and is home to the largest population of Irish in the US.

Reason for Moving to Colorado: After law school, my now-wife and I considered where we would like to start our law careers. Having visited Colorado frequently and lived there during college, I had Denver at the top of my list. We thought Denver/Colorado was the perfect place to build a life together and raise our family.

Favorite Thing About Colorado: The fact that everyone here works to live and doesn't live to work.

Favorite Colorado Event or Destination: The National Western Stock Show and exploring the Rocky Mountains

Estate Planning Silver Lining

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With historically low interest rates, now is a great time to make no interest loans to family. You can make low interest loans to your adult children, and they can use the money to buy low valued assets.

Once these values appreciate, they can cash in some of the assets and pay off the loan. You've effectively moved assets out of your estate without paying the gift or estate tax.

Consult with your tax advisor regarding any limits or minimums that apply.

4. Lower asset values allow more property to be transferred below the annual gift tax exclusion

Gifts of property to your significant others that has taken a hit in this market, whether directly or through a

trust, will allow you to give more tax-free property than you could have before the markets sank. The gift tax exclusion allows you to give up to \$15,000 to anyone every year. If married, this doubles to \$30,000. Of course, you're not limited to the \$15k/\$30k, but any amounts in excess of this will count against your lifetime estate and gift tax exclusion.

By way of example, as we know, the major indexes will bounce back sooner or later (they already are). If you were to give \$15k worth of shares today, as these shares increase 20%, these same shares will be worth \$18k. So, effectively, you can now give significantly more shares today than you were able to just 2 months ago tax free. Caveat – try and avoid giving away property for which you have a paper loss – gift property that you still have a gain.

When stock markets are down, know there are estate planning tactics available that you can take advantage of to reduce your estate taxes.

DISCLAIMER: The information provided in this newsletter does not, and is not intended to, constitute legal advice; instead, all information, content, and materials are for general informational purposes only. No action should be taken in reliance on the information contained in this newsletter. An attorney should be contacted for advice on specific legal issues. Nothing in this newsletter is an offer to represent you and

Beneficiary Designations

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you will have forced those individuals into co-ownership of real estate. If they cannot mutually agree on if and when to sell such real estate, there is a very real possibility that they will end up in litigation.

Additionally, bear in mind that since assets which include a beneficiary designation are considered “non-probate” property, they are not subject to the provisions of your Will.

As such, it is important to make sure that your beneficiary designations track your

wishes in your Will. We have often seen situations where a decedent has named one of their children as a beneficiary, perhaps solely for purposes of expediency. Legally, however, that one child becomes the sole owner of that asset to the exclusion of any others, regardless of what the decedent’s Will might say.



Business Spotlight: Johnson Law Group, LLC Family Law Attorneys in Cherry Creek & Commerce City

www.JohnsonLGroup.com 720-452-2540



Our business spotlight section is designed to connect our clients, associates, and friends with top-notch businesses that we believe in, and we could think of no better place to start than Johnson Law Group. This family law practice, founded and owned by husband-wife team Myles & Genet Johnson, specializes in family law, including divorce, custody, protection orders, and guardianships. In addition to their legal experience and skill, their client-centered approach sets them apart, as they describe:

“We specialize in family law cases and, in so doing, our team of eight takes a client-first approach. Our cases are delicate, and we are honored to be entrusted with our clients’ most important needs. We provide practical and well-reasoned advice designed to protect what is most important to our clients, and to minimize conflict when possible. While every case is different, and no outcome is guaranteed, we provide high-quality representation to effectively and efficiently move our clients to the next chapter of their lives.”

Outside of the legal arena, the firm is involved in both global and local causes, including World Vision, American Cancer Society, and volunteering at Orchard Church in Brighton.

The ties between Baker Law Group and the Johnson Law Firm date back to BLG founder Jereme Baker’s law school days at The University of Colorado, where he met both Myles and Genet. Over the years, BLG has been happy to send clients in need of family law assistance their way, knowing that they will be treated with care.

Business Spotlight:

Newcomer Cremations Funerals & Receptions

NewcomerDenver.com

East Metro Chapel: 720-857-0700, 190 Potomac St., Aurora, CO 80011

Contact: Greg Fleener, gfleener@newcomerdenver.com

West Metro Chapel: 303-274-6065, 901 South Sheridan Blvd., Lakewood, CO 80226

Contact: Dan Maes, dmaes@newcomerdenver.com



In our firm’s probate and estate work, questions about cremation, burial, and funeral arrangements arise often, so Baker Law Group makes efforts to learn about this industry in order to serve as a resource. Jereme Baker recently toured both of Newcomer Cremations Funerals & Receptions’ metro area locations and learned about what makes their business unique. Newcomer stands out for its commitment to providing services that are both excellent and economical. As Newcomer explains, this was part of their vision from the very beginning:

“Our owners, Ren and Theresa Newcomer, had a vision to offer high quality cremations and funerals at a fraction of the cost of other area funeral homes while providing excellent service. With 98% of the families we serve telling us they would recommend us to their family and friends, we are confident we are honoring families and saving them hundreds, even thousands of dollars.” Newcomer Cremations Funerals & Receptions have been serving families in the Denver area since 1995.

One of Newcomer’s service specialties is advance planning. With straightforward pricing and even an online planning option, they make advance planning easy and affordable. They also offer a wide range of services for cremation or burial, customized funeral, memorial, and/or graveside services, receptions, and more, along with resources and guidance based on their 20 years of experience.

If you have any questions about advance planning or any of Newcomer’s other services, don’t hesitate to visit their website or contact the representatives listed above.



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Special Offer:

We want to do our part by providing some peace of mind for seniors during these troubling times. That's why, for a limited time, we're offering

Free Medical Powers of Attorney for Clients 70 and Up.

Call 303-862-4564 or click [here](#) to learn more.



Colorado Corner:

Opt Outside at a Colorado Park

As winter turns to spring, all of us at Baker Law Group are looking forward to getting outside and visiting Colorado's parks. Here are a few of our favorites:

- **Castlewood Canyon State Park, Castle Rock:** This park is close to home for managing member Jereme Baker. He appreciates the family-friendly hikes along Cherry Creek and the historical ruins of the Castlewood Dam.
- **Three Sisters, Evergreen:** This Jeffco Open Space park is a favorite for attorney Brian Petz due to the number of different trails and trailheads at a variety of difficulty levels.
- **Arkansas Headwater State Park, Salida:** This park is a few hours outside the city, but law clerk Chris Adams says it is worth the trip. He has enjoyed both the fishing and camping in this scenic park along the Arkansas River, which is also known as a whitewater rafting and kayaking destination.
- **Roxborough State Park, Littleton:** This is paralegal Emily Woodhull's go-to park for a nearby weekend hike, and the red rock formations make it a hit with out-of-town guests. She also enjoyed hiking at **Staunton**, Colorado's newest State Park, in Pine.

We hope that all of you are able to safely enjoy your favorite parks again soon. For now, check on whether your park destination is open before you depart.

Update: Client Appreciation Day, June 4, 3:00—7:00

At this time, we are keeping this event on our calendar and will monitor local circumstances as the date gets closer. We look forward to celebrating our past and current clients with food, beverages, prizes and more when it is safe to do so. Watch for more information in the coming weeks, and save the date for now!

Many Thanks for Recent Referrals

Word-of-mouth referrals are priceless to small businesses like ours, so we want to take a moment to thank everyone who has sent a potential client our way in the last few months:

Linda Alexander, Alexander Properties
 Susan Allard, Senior Care Authority
 Tim Bowdish, Assisting Hands Home Care
 The Honorable Diane Briscoe McKenzie
 David Collins, Jones Law Firm
 John Daskam, Milgrom & Daskam
 Dechtman Wealth Management
 Terrance Erbert, Ameriprise Financial
 Ed Hooks Jr., real estate advisor
 The Law Office of Michael A. Hug
 Dan Hugo, Accounting & Tax Services
 Johnson Law Group
 Carol Johnson, Prudent Man Investment Management
 Ace Lee of Secure American Insurance
 Daniel McKenzie, The McKenzie Law Firm
 Brett Miller, Trilogy Financial
 Don Opeka, Orion Mortgage
 Andy Ratana, Home Care Assistance
 Diane RaPue, Trinity Business Finance, LLC
 Patricia Sadler
 Mable Sutton, real estate broker
 Amanda Tullis, Edward Jones
 Lauren Varner, Varner Fadis Elite Legal