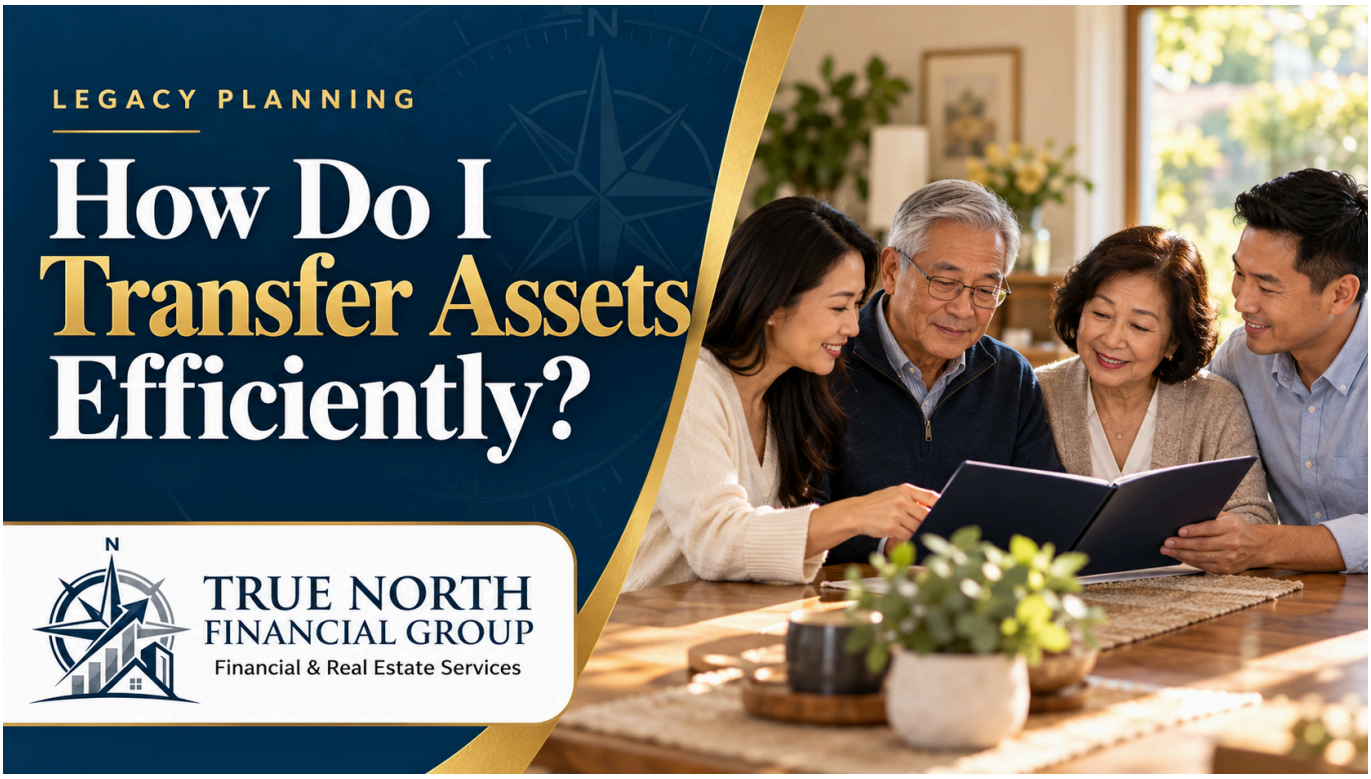


How Do I Transfer Assets Efficiently?

A California family guide to protecting your wishes and preparing the next generation

By Thomas Nguyen | True North Financial Group
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Begin with the outcome you want

An efficient transfer gives the right people the right assets, with clear instructions and enough flexibility to handle real life. Taxes matter, but so do your retirement security, a surviving spouse's needs, family relationships and the ability to pay expenses without a rushed sale. A plan that minimizes one tax can still create a costly problem elsewhere.

Start by asking three questions: Who should benefit? When should they receive ownership or income? Who should manage the property if you cannot? Your answers will help an estate-planning attorney and tax professional choose the documents, ownership arrangements and beneficiary instructions that fit your family.

Match each asset to its transfer instructions

Asset	Common transfer route	What to verify
Bank and taxable investment accounts	Trust ownership or payable/transfer-on-death instructions where available	Named recipients, contingencies and consistency with your overall plan
California real estate	Properly drafted and recorded deed, often to a living trust	Legal title, community-property character and reassessment consequences
IRAs and employer retirement plans	Beneficiary designation under the account or plan rules	Spousal rights, backup beneficiaries and inherited-account rules
Life insurance	Policy beneficiary designation	Ownership, current coverage and who will receive the proceeds

Coordinate the documents and the assets

A will directs the probate estate and can nominate guardians. A properly funded living trust can allow its assets to pass without probate and provide management during incapacity. Signing a trust is only part of the job: appropriate accounts and property must actually be placed in it. A pour-over will does not automatically keep omitted assets out of probate. [1]

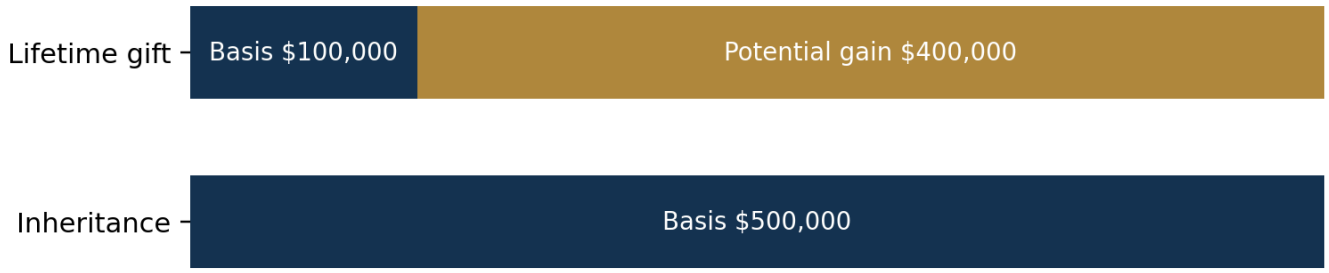
Also arrange durable financial powers of attorney and health-care instructions. Name capable successors and tell them where to find the documents. Avoid sharing account passwords in an unsecured folder. Give your attorney a complete asset list so the documents and account instructions work together.

Choose When Ownership Should Change

Giving during life can help a child now and remove future appreciation from your estate. Keeping an asset can preserve your income, control and options if care needs increase. Before transferring anything, reserve enough for your own spending, emergencies and long-term support. A completed gift may be difficult or impossible to retrieve.

Understand the basis tradeoff

For appreciated property received as a gift, the recipient generally uses the donor’s adjusted income-tax basis. Inherited property generally receives a basis tied to its date-of-death value, subject to exceptions. That adjustment can increase or decrease basis. Retirement-account income does not receive the same treatment. [2]



Hypothetical taxable investment worth $500,000, with a $100,000 donor basis. Both recipients sell for $500,000 immediately after transfer. Amounts show basis and potential gain, not tax due.

In this example, the lifetime gift leaves $400,000 of potential capital gain on sale. An inheritance with a $500,000 basis produces no gain at that sale price. Different sale values, valuation elections, adjustments or asset types change the result. A lifetime gift may still serve other goals; compare the full consequences before deciding.

Use the current gift and estate rules carefully

For 2026, the federal annual gift-tax exclusion is $19,000 per recipient for qualifying gifts. Giving more does not necessarily create an immediate tax bill, but generally triggers gift-tax reporting and may use part of the donor’s available lifetime exclusion. Married couples should have their preparer check ownership, gift splitting and filing requirements. [3]

The federal basic estate-and-gift exclusion is $15 million per individual for 2026. Prior taxable gifts affect what remains available. Do not assume a married couple automatically preserves two full exclusions: portability of a deceased spouse’s unused exclusion generally requires an estate-tax return election. [4, 5]

California couples should review property character

Qualifying community property may receive a basis adjustment on both spouses’ halves at the first death when the federal inclusion conditions are met. Joint ownership alone does not establish that treatment. Have counsel verify title and community-property status before changing deeds or accounts. [2]

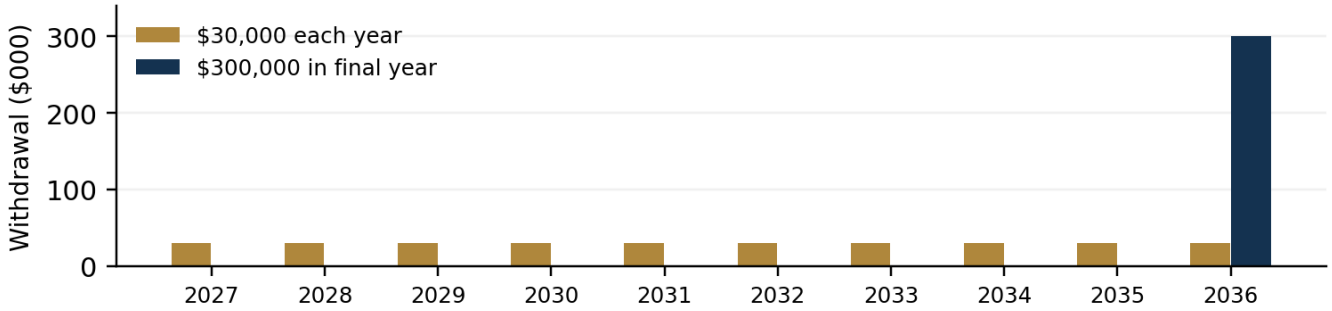
Plan for the Person Who Inherits

A beneficiary form deserves the same attention as your will. It generally governs the account's contractual payout, subject to applicable law, plan terms and spousal rights. An outdated designation can send money to someone you no longer intend to benefit. Review primary and contingent beneficiaries after a marriage, divorce, birth or death.

Retirement accounts have a separate set of rules

Many adult children who inherit an IRA must empty it by the end of the tenth year after the owner's death. When the owner dies on or after the required beginning date, annual required distributions may also apply before the final deadline. Spouses and other eligible designated beneficiaries can have different options. [6, 7]

Traditional IRA withdrawals are generally taxable income except for amounts attributable to after-tax basis. Qualified inherited Roth distributions are generally income-tax free, although the five-year requirement can affect earnings. Distribution deadlines still matter. A beneficiary should confirm the applicable rules before moving or withdrawing money. [6, 7]



Hypothetical $300,000 inherited traditional IRA: owner dies in 2026 before the required beginning date; adult child is subject to the 10-year rule. No returns, fees or after-tax basis assumed. Both schedules distribute $300,000 by December 31, 2036.

Here, annual withdrawals in years one through nine are not required under the assumed facts. Spreading payments is one possible choice; waiting concentrates income in 2036. The better timing depends on the heir's income, tax rates and needs. The illustration compares timing, not tax savings or investment outcomes. [6]

Avoid a shortcut that changes the tax result

Do not casually retitle your living IRA into your revocable trust. Coordinate the account's ownership and beneficiary form with the custodian and counsel. Naming a trust as beneficiary can serve family goals, but its drafting and qualification can change distribution treatment. Naming your estate can also lead to different rules. [6]

For a minor, a beneficiary receiving means-tested benefits, or an heir who needs help managing money, discuss appropriate trust provisions with an attorney. Consider the trustee's experience, compensation and ability to work with the family. A distribution age alone does not address every vulnerability.

Equal dollars may not mean an equal inheritance

A taxable IRA, appreciated investments and a home carry different income taxes, expenses and liquidity. If fairness is your goal, compare the likely usable value and practical burden of each asset. Explain your reasoning while you can, especially if one child will receive property and another will receive cash.

Protect the Home and Provide Cash

Separate income-tax basis from property taxes

California property-tax assessed value and federal income-tax basis measure different things. A basis adjustment at death does not itself preserve a parent's assessed value. A living trust also does not automatically prevent reassessment when beneficial ownership changes. Have the deed and planned transfer reviewed before signing.

Under Proposition 19, the parent-child exclusion is limited to qualifying family homes and family farms, with conditions. For a family home, principal-residence requirements, timely occupancy and exemption filings, and an indexed value test matter. A rental property does not receive a broad parent-child exclusion merely because the recipient is a child. [8]

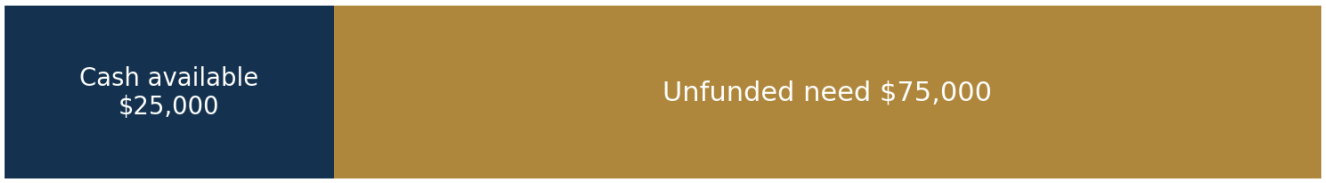
A child generally must establish the qualifying principal residence and file the homeowners' exemption within one year. Other claim deadlines also apply. Ask the county assessor and your advisers to evaluate the actual facts and current value limits; do not rely on a remembered rule from before 2021. [8]

Resolve the practical ownership questions

If several heirs will inherit a home, decide how maintenance, taxes, insurance and major repairs will be paid. Discuss who may live there, whether an heir can buy out the others, and how a sale or disagreement will be handled. A fractional interest in a house may be valuable but provide no cash for an heir's immediate needs.

Adding a child to your deed during life can create gift-reporting, basis, control and creditor issues. It may also affect financing or other planning. Have an attorney evaluate the consequences before treating joint title as a simple substitute for an estate plan.

Measure the need for liquidity



Hypothetical estate cash needs of $100,000, with $25,000 of accessible cash: the remaining funding need is $75,000. This is a planning illustration, not an expense estimate or insurance recommendation.

Create a cash forecast for property carrying costs, administration, debts and any taxes. Distinguish funds accessible to an executor or trustee from assets paid directly to individual beneficiaries. A family can inherit substantial wealth and still struggle to pay near-term bills.

Life insurance may supply cash or help balance inheritances, if the policy remains in force and the claim is payable. Consider premiums, underwriting, guarantees and who actually receives the proceeds. An individual beneficiary's payment is not automatically estate cash. Death proceeds are generally excluded from federal income, but interest and certain exceptions can be taxable. Policy ownership can also cause estate inclusion. [5, 9]

An irrevocable insurance trust is a specialized legal strategy with ownership, timing and administration requirements. Evaluate it with counsel rather than assuming that any trust removes insurance from the taxable estate.

Turn Your Intentions into a Working Plan

The most useful plan is one your family can locate and carry out. Organize a private inventory of accounts, property, policy numbers, debts, ownership and beneficiaries. Record approximate values and where basis records are kept. Include business interests and digital assets that may otherwise be overlooked.

Next step	Concrete result
Document your wishes	Identify recipients, timing, decision makers and backup decision makers.
Meet with estate counsel	Review wills, trusts, incapacity documents, deeds and family circumstances.
Coordinate the tax review	Compare gifts and inheritance, basis, retirement distributions and required filings.
Complete the implementation	Fund appropriate trust assets; update beneficiary forms; obtain confirmations.
Prepare the family	Explain responsibilities and document locations; review after major life changes.

Bring these questions to your planning meeting

Which assets currently pass through probate? Who can act during incapacity? Are beneficiary forms consistent with the trust? Will heirs have cash for expenses? Could a home transfer trigger reassessment? What tax records will they need? Who is responsible for each remaining action, and when will it be checked?

True North Financial Group can be a starting point for a conversation about your family’s insurance needs and the professionals needed for a coordinated plan. Your estate attorney and tax professional should evaluate the legal documents and tax decisions. Revisit the plan when family needs, asset values or the law change.

Sources and further reading

[1] California Courts, Wills, estates and probate: legal documents. selfhelp.courts.ca.gov/wills-estates-probate/legal-documents

[2] IRS, Publication 551, Basis of Assets. irs.gov/publications/p551

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[4] IRS, What’s new in estate and gift tax. irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax

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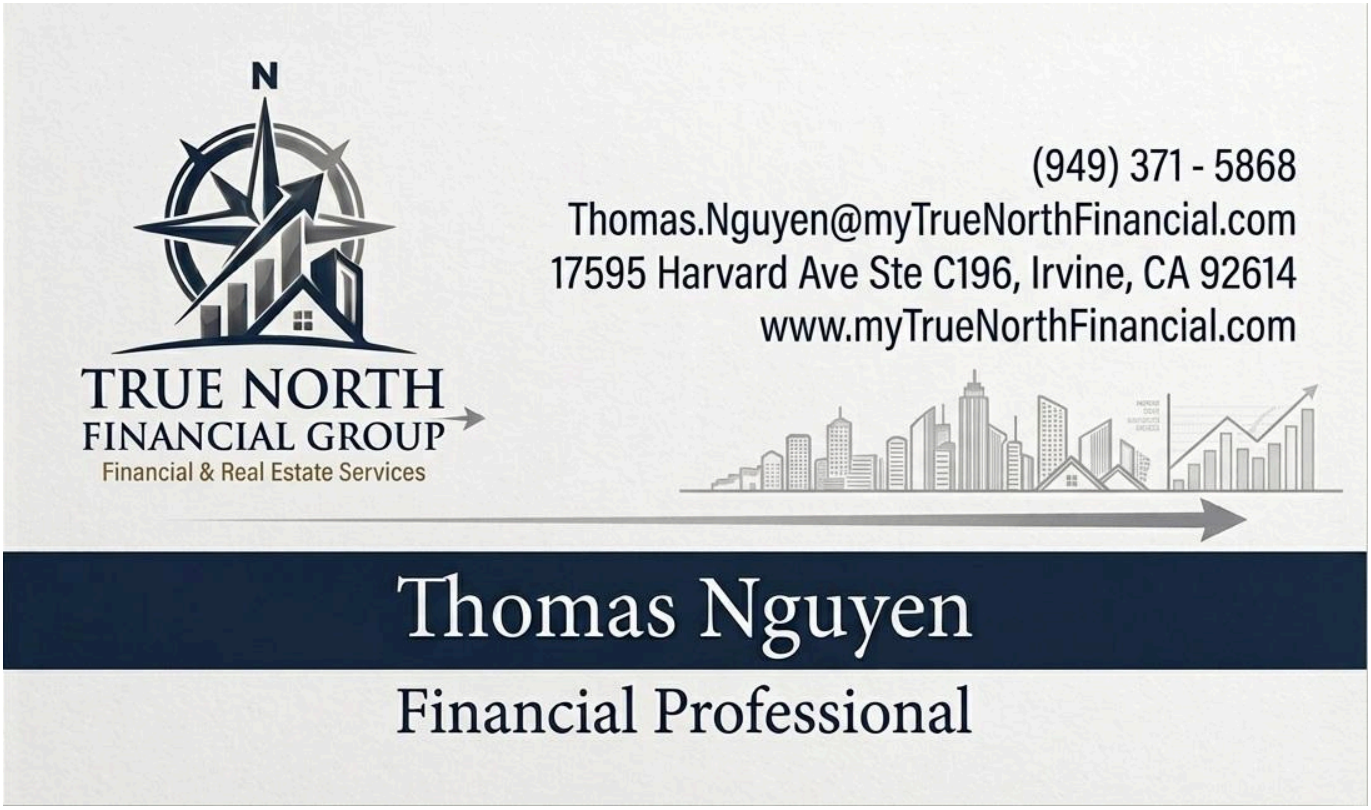
[6] IRS, Publication 590-B, Distributions from IRAs. irs.gov/publications/p590b

[7] IRS, Retirement topics — Beneficiary. irs.gov/retirement-plans/plan-participant-employee/retirement-topics-beneficiary

[8] California State Board of Equalization, Proposition 19. boe.ca.gov/prop19/

[9] IRS, Life insurance and disability insurance proceeds. irs.gov/faqs/interest-dividends-other-types-of-income/life-insurance-disability-insurance-proceeds/life-insurance-disability-insurance-proceeds

Educational information as of October 21, 2026. This guide is not individualized investment, legal or tax advice. Examples are hypothetical and do not promise results. Laws and personal circumstances can change. This independently prepared guide is not issued or approved by Morgan Stanley, the IRS or any government agency.


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