

## CMR Financial Advisors

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### Mission:

Transform Families

### Vision:

Moving you to Financial  
Contentment

### Core Values:

Client First  
Simplify the Complex  
Trust  
Genuine Care  
Diligence  
Resourceful  
Flexible

### 2019 1st Quarter

Famous People Who Failed to Plan Properly

No, That Is Not the I.R.S. Calling

Women: Are you planning for retirement  
with one hand tied behind your back?

What's happening at CMR...



# Cliff's Notes

## Volume 18 | Issue 1

### Famous People Who Failed to Plan Properly



It's almost impossible to overstate the importance of taking the time to plan your estate. Nevertheless, it's surprising how many American adults haven't done so. You might think that those who are rich and famous would be way ahead of the curve when it comes to planning their estates properly, considering the resources and lawyers presumably available to them. Yet there are plenty of celebrities and people of note who died with inadequate (or nonexistent) estate plans.

#### Most recently

The Queen of Soul, **Aretha Franklin**, died in 2018, leaving behind a score of wonderful music and countless memories. But it appears Ms. Franklin died without a will or estate plan in place. Her four sons filed documents in the Oakland County (Michigan) Probate Court listing themselves as interested parties, while Ms. Franklin's niece asked the court to appoint her as personal representative of the estate.

All of this information is available to the public. Her estate will be distributed according to the laws of her state of residence (Michigan). In addition, creditors will have a chance to make claims against her estate and may get paid before any of her heirs. And if she owned property in more than one state (according to public records, she did), then probate will likely have to be opened in each state where she owned property (called ancillary probate). The settling of her estate could drag on for years at a potentially high financial cost.

#### A few years ago

Prince Rogers Nelson, who was better known as **Prince**, died in 2016. He was 57 years old and still making incredible music and entertaining millions of fans throughout the world. The first filing in the Probate Court for Carver County, Minnesota, was by a woman claiming to be the sister of Prince, asking the court to appoint a special administrator because there was no will or other testamentary documents. As of November 2018, there have been hundreds of court filings

from prospective heirs, creditors, and other "interested parties." There will be no private administration of Prince's estate, as the entire ongoing proceeding is open and available to anyone for scrutiny.

#### A long time ago

Here are some other notable personalities who died many years ago without planning their estates.

**Pablo Picasso** died in 1973 at the ripe old age of 91, apparently leaving no will or other testamentary instructions. He left behind nearly 45,000 works of art, rights and licensing deals, real estate, and other assets. The division of his estate assets took six years and included seven heirs. The settlement among his nearest relatives cost an estimated \$30 million in legal fees and other related costs.

The administration of the estate of **Howard Hughes** made headlines for several years following his death in 1976. Along the way, bogus wills were offered; people claiming to be his wives came forward, as did countless alleged relatives. Three states — Nevada, California, and Texas — claimed to be responsible for the distribution of his estate.

Ultimately, by 1983, his estimated \$2.5 billion estate was split among some 22 "relatives" and the Howard Hughes Medical Institute.

**Abraham Lincoln**, one of America's greatest presidents, was also a lawyer. Yet when he met his untimely and tragic death at the hands of John Wilkes Booth in 1865, he died intestate — without a will or other testamentary documents. On the day of his death, Lincoln's son, Robert, asked Supreme Court Justice David Davis to assist in handling his father's financial affairs. Davis ultimately was appointed as the administrator of Lincoln's estate. It took more than two years to settle his estate, which was divided between his surviving widow and two sons.



## No, That Is Not the I.R.S. Calling

*Watch out for crooks impersonating I.R.S. agents (and financial industry professionals).*

Provided by Cliff Robello

Do you know how the Internal Revenue Service contacts taxpayers to resolve a problem? The first step is almost always to send a letter through the U.S. Postal Service to the taxpayer.<sup>1</sup>

It is very rare for the I.R.S. to make the first contact through a call or a personal visit. This happens in two circumstances: when taxes are notably delinquent or overdue or when the agency feels an audit or criminal investigation is necessary. Furthermore, the I.R.S. does not send initial requests for taxpayer information via email or social media.<sup>1</sup>

Now that you know all of this, you should also know about some of the phone scams being perpetrated by criminals claiming to be the I.R.S. (or representatives of investment firms).

**Scam #1: “You owe back taxes. Pay them immediately, or you will be arrested.”** Here, someone calls you posing as an I.R.S. agent, claiming that you owe thousands of dollars in federal taxes. If the caller does not reach you in person, a voice mail message conveys the same threat, urging you to call back quickly.<sup>1</sup>

Can this terrible (fake) problem be solved? Yes, perhaps with the help of your Social Security number. Or, maybe with some specific information about your checking account, maybe even your online banking password. Or, they may tell you that this will all go away if you wire the money to an account or buy a pre-paid debit card. **These are all efforts to steal your money.**

This is over-the-phone extortion, plain and simple. **The demand for immediate payment gives it away.** The I.R.S. does not call up taxpayers and threaten them with arrest if they cannot pay back taxes by midnight. The preferred method of notification is to send a bill, with instructions to pay the amount owed to the U.S. Treasury (never some third party).<sup>1</sup>

Sometimes the phone number on your caller I.D. may appear to be legitimate because more sophisticated crooks have found ways to manipulate caller I.D. systems. Asking for a callback number is not enough. The crook may readily supply you with a number to call, and when you dial it someone may pick up immediately and claim to be a representative of the I.R.S., but it’s likely a co-conspirator – someone else assisting in the scam. For reference, the I.R.S. tax help line for individuals is 1-800-829-1040. Another telltale sign; if you ever call the real I.R.S., you probably wouldn’t speak to a live person so quickly – hold times can be long.<sup>1</sup>

**Scam #2: “This is a special offer to help seniors manage their investments.”** Yes, a special offer to become your investment advisor, made by a total stranger over the phone. Of course, this offer of help is under the condition that you provide your user I.D. and password for your brokerage account or your IRA.<sup>2</sup>

No matter how polite and sweet the caller seems, this is criminal activity. **Licensed financial services industry professionals do not randomly call senior citizens and ask them for financial account information and passwords** – unless they want to go to jail or end their careers.

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**Scam #3: "I made a terrible mistake; you must help me."** In this scam, a caller politely informs you that the U.S. government is issuing supplemental Social Security payments to seniors next year. Do you have a bank account? You could enroll in this program by providing your account information and your Social Security number.

Oh no, wait! The caller now tells you that they've made a huge mistake while inputting your account information – and your account was accidentally credited with a full payment even though you were not enrolled. The distraught caller will now attempt to convince you that they will lose their job unless you send over an amount equal to the lump sum they claim was mistakenly deposited. If you refuse, the caller may have a conversation with a "boss" who demands that money be withdrawn from your account.

**Scam #4: "The I.R.S. accidentally gave you a refund."** In this sophisticated double-cross, thieves steal your data, then file a phony federal tax return with your information and deposit a false refund in your bank account. Then, they attempt to convince you to pay them the money, claiming they are debt collectors working for the I.R.S. or I.R.S. agents.

**Should anyone call and try to trap you with one of these scams, hang up.** Next, report the caller ID and/or callback number to the I.R.S. at [phishing@irs.gov](mailto:phishing@irs.gov) with the subject line "I.R.S. Phone Scam." You can also notify the Department of the Treasury ([treasury.gov](http://treasury.gov)) and the Federal Trade Commission ([ftccomplaintassistant.gov](http://ftccomplaintassistant.gov)); list "I.R.S. Telephone Scam" in the notes. Regarding scam #4, if you really do receive an erroneous federal (or state) tax refund, you should notify your tax professional about it as soon as you can and arrange its return. You may also need to close the involved bank account if you sense you have been victimized.<sup>1,3</sup>

#### Citations.

1 - [irs.gov/newsroom/irs-continues-warning-on-impersonation-scams-reminds-people-to-remain-alert-to-other-scams-schemes-this-summer](http://irs.gov/newsroom/irs-continues-warning-on-impersonation-scams-reminds-people-to-remain-alert-to-other-scams-schemes-this-summer) [5/31/18] 2 - [money.usnews.com/money/retirement/aging/articles/2018-05-09/10-financial-scams-to-avoid-in-retirement](http://money.usnews.com/money/retirement/aging/articles/2018-05-09/10-financial-scams-to-avoid-in-retirement) [5/9/18] 3 - [forbes.com/sites/kellyphillips/2018/02/13/irs-issues-urgent-warning-on-new-tax-refund-scam-and-its-not-what-youd-expect](http://forbes.com/sites/kellyphillips/2018/02/13/irs-issues-urgent-warning-on-new-tax-refund-scam-and-its-not-what-youd-expect) [2/13/18]

## Women: Are you planning for retirement with one hand tied behind your back?



Women can face unique challenges when planning for retirement. Let's take a look at three of them.

First, women frequently step out of the workforce in their 20s, 30s, or 40s to care for children — a time when their job might just be kicking into high (or higher) gear.

It's a noble cause, of course. But consider this: A long break from the workforce can result in several financial losses beyond the immediate loss of a salary.

In the near term, it can mean an interruption in saving for retirement and the loss of any employer match, the loss of other employee benefits like health or disability insurance, and the postponement of student loan payments. In the mid term, it may mean a stagnant salary down the road due to difficulties re-entering the workforce and/or a loss of promotion opportunities. And in the long term, it may mean potentially lower Social Security retirement benefits because your benefit is based on the number of years you've worked and the amount you've earned. (Generally, you need about 10 years of work, or 40 credits, to qualify for your own Social Security retirement benefits.)

Second, women generally earn less over the course of their lifetimes. Sometimes this can be explained by family caregiving responsibilities, occupational segregation, educational attainment, or part-time schedules. But that's not the whole story. A stubborn gender pay gap has women earning, on average, about 82% of what men earn for comparable full-time jobs, although the gap has narrowed to 89% for women ages 25 to 34.<sup>1</sup> In any event, earning less over the course of one's lifetime often means lower overall savings, retirement plan balances, and Social Security benefits.

Third, statistically, women live longer than men.<sup>2</sup> This means women will generally need to stretch their retirement savings and benefits over a longer period of time.

Pew Research Center, The Narrowing, But Persistent, Gender Gap in Pay, April 2018  
NCHS Data Brief, Number 293, December 2017

## What's Happening at CMR...

*Cliff, Sheri, and Zane...*

We recently got back from great family vacation to Disneyland, Knotts Berry Farm, and Legoland during Christmas and the New Year. There was a total of 30. It was so amazing because we spent time with both sides of our families. We had such a wonderful time, and it was so great to see all the kids playing together. This was a lot of the kids' first trip to Disneyland. Even though some were probably too young to remember it, we loved seeing the excitement in their eyes. We are already talking about another large family trip in the next few years.



*Margaret...*

Happy New Year to all of you from my Ohana to yours...

So priceless to see smiles on their faces when I get home from work!

*Roxanne...*

My entire family traveled to Washington to spend Christmas with my daughter and her family. It was cold, and we even got to play in the snow! Our first white Christmas! I want to wish you all a Happy New Year from my Family to Yours!



*Whitney ...*

Happy New Year's everyone! 2018 has come and gone! My family and I have created a lot of memories throughout 2018 and we look forward to creating more in 2019! Hope everyone had a great Holiday Season and let's try to make this year more awesome than last year!!!!