



FINANCIAL Insights

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What to Expect with Probate

Probate is the legal process of distributing a deceased person's estate according to their last will and testament and paying off any debt owed to their creditors. This process typically lasts four to six months but depends largely on the complexity of the will and size of the estate.

Preliminary

In order to begin the process, there must be an individual named as the executor of the will. In many cases, the decedent's will explicitly appoints an executor. An application must then be submitted with the will and the death certificate in the county in which the decedent lived during the time of death.

In some cases, such as an unexpected death, there may be no executor named in the will or no will at all. This would require a court-supervised probate process to appoint one.

Prove validity of the will

Once an executor has been named, they must supply the courts with evidence that the will is valid. In most states, this requires two witnesses, which the law prefers to not be heirs under the will. This ensures the will was made in proper capacity and was done freely.

Initial hearing

An initial hearing is a formality to begin the legal process and usually doesn't require attendance. Formal legal notice must be sent to all beneficiaries named in the will prior to the hearing. This step can lengthen if beneficiaries dispute the executor's appointment or others included in the will.

Alert creditors

In order to move forward with the distribution of assets to beneficiaries, all debts and liabilities due on the estate must first be paid. This involves alerting all creditors of the

decedent's passing and posting a death notice in the local newspaper for any unknown creditors.

Posting bond

In some cases, executors may be required to post a bond before handling an estate. This is because an executor is considered a fiduciary of the estate and the bond helps prevent fraud or mismanagement of assets. The bail amount will vary depending on the size of the estate and will be returned once the estate is closed without issues.

Evaluating the estate

While the probate is being processed by the courts, a bank account should be opened in the name of the estate. Assets should be gathered and funneled into this bank account so they can be used to pay off any liabilities to creditors. A list of these assets must be provided to the court, which may need to be appraised to determine the value of the estate. Court approval may be needed before selling assets to pay off liabilities.

Distributing assets

The process of distributing assets to beneficiaries can vary from case to case and may be subject to court approval. Due to potential time constraints, such as money for students currently enrolled in college, the process may need to be expedited.

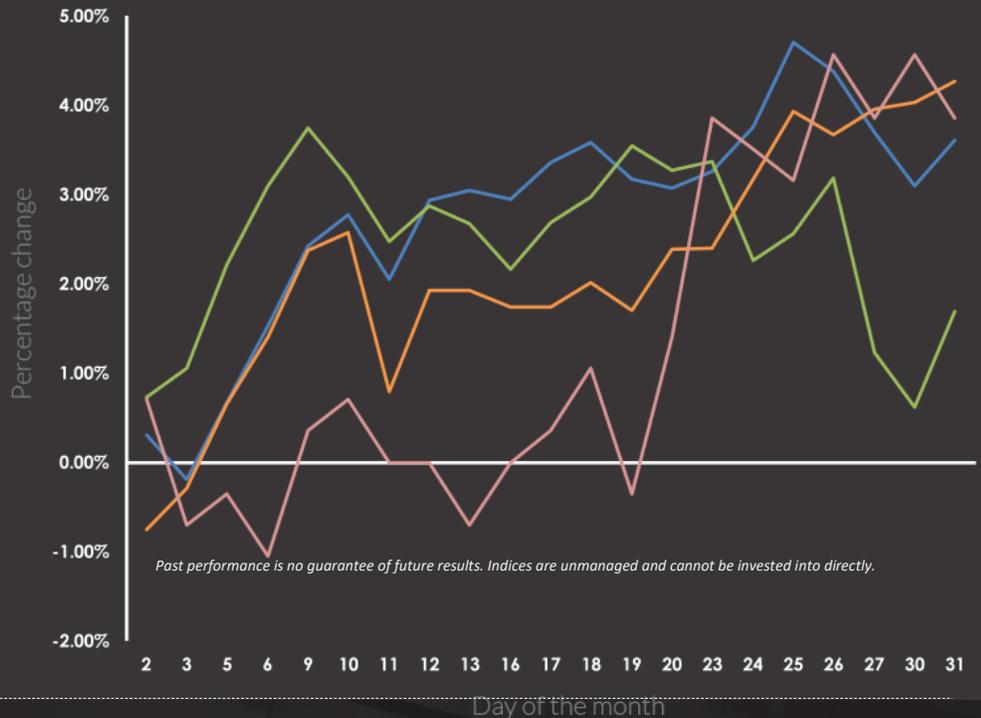
Dividing assets

For hard assets that can't be evenly distributed, such as homes and cars, a meeting with family members will determine how the asset will be handled. This commonly results in selling the asset and evenly distributing the proceeds. If an individual wants to take ownership of a hard asset, they must facilitate how to fairly compensate others.

The market at a glance

July

■ U.S. Large Cap (S&P 500)	2,816.29 (3.60%) ▲
■ U.S. Mid/Small (Russell 2000)	1,670.80 (1.69%) ▲
■ International Large (NYSE International 100)	5,713.84 (4.27%) ▲
■ U.S. Treasuries (U.S. 10-year Treasury yield rate)	2.96 (3.86%) ▲



The market in action

- Facebook shares declined by 20 percent after the social-media company reported below-expectation revenue growth rates in its second-quarter earnings announcement. The decline wiped away nearly \$120 billion in market value.
- Fortune 100 construction equipment company Caterpillar Inc. revealed that newly imposed U.S. tariffs will reduce the company's bottom line by up to \$200 million. It intends to offset these losses by increasing prices and focusing on a stricter cost discipline.
- California has reached its 2020 greenhouse gas emission goal years ahead of schedule as the California Air Resources Board released its emissions report data for 2016, the latest year available. The state now produces less emissions than it did in 1990, and state law mandates another 40 percent decline by 2030.
- The European Commission has ordered a \$5 billion fine against Google for unjustly pushing the company's own Chrome and Search apps on Android smartphone users. Manufacturers were required to install the software as a condition of licensing Google's Android mobile operating system. The fine is the largest ever imposed by the European Commission.
- One of the most difficult tests in finance, the Chartered Financial Analyst (CFA) Program, has announced it will be adding a section on cryptocurrencies and blockchain in its 2019 exam. The addition confirms the recent surge of interest in the area and will be categorized under a new topic called "Fintech in Investment Management."



Stealthy Bears

You've no doubt read that we are experiencing the second-longest bull market since World War II, which started in March of 2009 and has continued without a bear market (defined as a decline of 20%) since. But is that true?

Several recent articles have pointed out that we did, indeed, experience a "stealth" bear market during the period from May to October 2011. In that 6-month downturn, the S&P 500 index fell 21.6%, breaching bear market territory. But there's a catch: based on closing prices rather than intraday moves, the decline was 19.4%, barely missing the strictest bear market definition. However, in the same interval, the Russell 2000 index of large-cap stocks fell 30.7%.

And the markets actually experienced a similar market decline from mid-2015 to early 2016. During that time, the S&P 500 index fell 15%, but the median stock in the index was down 25%, the Russell 2000 fell 27%, and the Dow Jones Transportation Average fell 32%. At the same time, emerging-market stocks were down 40%, Chinese stocks fell 49% and Japanese stocks dropped 29%.

The point here is that the popular definition of a bear market (a 20% decline in one particular index) is kind of narrow, and misses a lot of the turbulence that might help us better define whether the markets are on an uninterrupted rise or merely recovering from the last downturn. The next time you read somebody writing about the length of this or that bull market, you might inquire as to their definitions and methodology. And if you think the current bull market is getting long in the tooth, well, maybe it isn't actually as old as people are saying.

-Bob Veres

Sources:

<https://www.bloomberg.com/view/articles/2017-09-22/there-s-nothing-old-about-this-bull-market>

<http://theirrelevantinvestor.com/2017/02/15/the-bear-market-that-nobody-talks-about/>

Meritas Advisors, LLC
info@meritasadvisors.com
meritasadvisors.com

4040 Civic Center Dr., Suite 200
San Rafael, CA 94903
415-690-8547

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