

15 percent undivided interest might only be worth \$11,000. Again, you can give more by gifting fractional interests.

You should also consider the income tax "basis" of the property you choose to gift. "Basis" refers to the benchmark of the property for income tax purposes, typically your purchase price. When you sell at higher than your basis, you have a gain. When you sell at lower than your basis, you have a loss. When you gift property, the recipient gets the lower of your basis in the property or the fair market value of the property. So, if you have a loss in the property, that loss disappears by gifting. It would be better to sell loss assets and harvest the losses and gift the cash. The income tax basis of property in your estate is "stepped up" to fair market value when you die.

Accordingly, it usually does not make sense to give away property that has appreciated greatly, especially if your life expectancy is short.

For example, imagine you own Microsoft stock you purchased for \$1,000 and it is now worth \$50,000. If you give the stock to your son, he will have your \$1,000 basis. If he sells the stock for \$50,000, he will have a taxable gain of \$49,000. If he inherits the stock when you die and it is worth \$50,000, he can sell it the next day for \$50,000 the next day and pay zero capital gains tax.

Finally, how will gifting assets to your descendants change your relationship with them and their relationships with each other? Will your granddaughter squander the assets if you give them to her outright? Will your son resent you because your granddaughter is financially less dependent on him? It is important to consider these personal issues as well as the financial ones.

Gifts are not as simple as it looks. There are many issues that come into play in deciding how and when to gift assets. A qualified attorney who specializes in estate planning can help you design a gifting strategy that can best meet your personal and financial goals.

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[BACK TO TOP](#)

Consider VPN for

remote-access guard

By John Agsalud
Special to the Star-Bulletin

In the Aloha State, living far from the mainland, we accept travel as a natural part of doing business. But nowadays, there's more to working off-site than simply downloading e-mail from the nearest Internet cafe.

More often than not, we need to access specific files or to operate a program located on an office machine or our personal computer. There are many communications programs that allow us to tap into databases or computers remotely.

However, using these programs may expose us to undue security risks. If you have a small business and are concerned about security when accessing remote computers, it's best to consider a VPN.

A VPN, or virtual private network, allows employees to privately share information over a public network like the Internet. It does this by encrypting data before sending it through the network and decrypting it at the receiving end. VPN software is typically installed as part of a company's firewall.

By providing encryption capabilities, a VPN allows you to communicate without great risk of having your e-mail or documents intercepted.

There are a number of inexpensive hardware and software VPN solutions. We looked at a box called the Tele3 from SonicWall, which is priced around \$500 and is designed for offices with five users or less.

The SonicWall Tele 3 comes with a single VPN license. If you need to communicate with your office, you can set up the VPN client on your laptop or your home office machine.

If you have more users that need remote access, they must purchase extra licenses for another \$75.

The biggest downside, for the average small business, is the hassle of setting it up, which can be daunting. Once the VPN is set up, however, the operation is easy to use.

For more sophisticated communications such as running programs remotely, you'll still

need software such as pcAnywhere, Timbuktu or Laplink that you'll want to run in combination with your VPN. It's possible to run these programs with an average firewall/router, but certainly not as safe as with a VPN.

VPNs are standard for enterprise-level networks, and a small business with five or more users should seriously consider them. It's worth paying for the peace of mind that a first-rate security solution affords.

If you're a sole proprietor, I suggest GoToMyPC, a Web-based remote-access solution. I've found it works quite well, but test it out with your equipment before you purchase; it may not work well with older computers.

However, GoToMyPC, like other Web-based solutions, requires you to rely on the vendor to ensure secure connections. While Web-based remote-access vendors cite a litany of impressive certifications and audits that verify the security of their systems, many people have an inherent distrust of a middleman that they cannot see, feel or touch. If you are one of these people, then you may not be ready for a Web-based remote-access solution.

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