

# 2017 ESTATE PLANNING UPDATES



## Slight Revisions for 2017

Exclusion amounts were adjusted for inflation and there were no changes to gifting amounts.

## Federal Estate Planning Guidelines

	2016	2017
Estate Tax Exclusion	\$5,450,000	\$5,490,000
Maximum Estate Tax Rate	40%	40%
Lifetime Gifting Exemption	\$5,450,000	\$5,490,000
Gifting to Non-US Citizen Spouse	\$148,000	\$149,000
Federal Maximum Gift Rate	40%	40%
Gift to Spouse	Unlimited	Unlimited
Annual Exclusion Gift	\$14,000	\$14,000

Source: Internal Revenue Service, IR-2015-119

## Trump Proposal



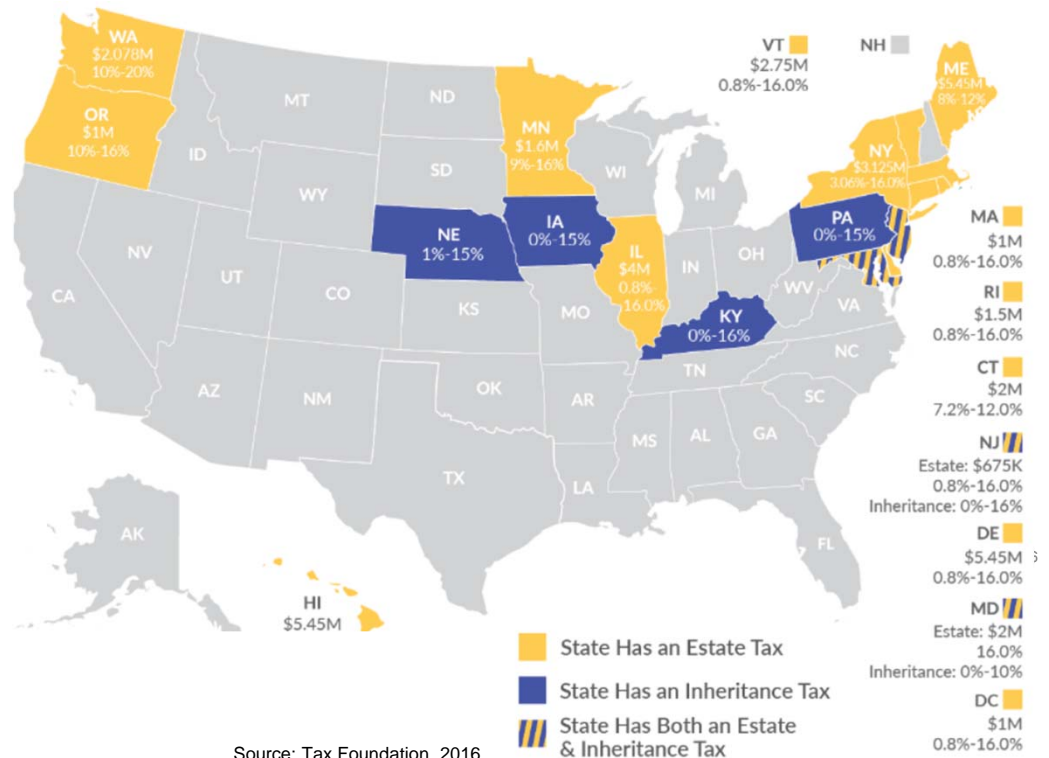
In recent years, both President-Elect Trump and the Republicans have called for a repeal of Federal estate taxes, and with the Republican House and Senate majorities, there is potential legislation that would seek to eliminate the estate and gift tax in 2017.



## Don't Forget State Tax!

In recent years, many states have "decoupled" from the federal estate exclusion; as a result, such states have estate exclusions below the federal level which may result in state estate taxes.

## State Estate & Inheritance Taxes in 2016



Source: Tax Foundation, 2016

# 2017 GUIDE TO ESTATE PLANNING

## Level One (Must Haves)

**Planning for and documenting the transfer of assets with minimized tax and transfer cost. Review upon life events (marriage, birth, divorce, adoption, etc.)**

- A Will appoints guardians for your children and spells out specifically how you want your property split
- A Living Trust avoids probate, allows for privacy and to designate how assets are to be divided upon your death
- A Healthcare Power of Attorney allows you to designate a Healthcare agent to make health decisions in the event you are unable to make decisions for yourself
- A Financial / Property Power of Attorney allows you to designate an agent to make financial decisions in the event you are unable to make decisions for yourself
- Joint accounts transferred to a designated person upon death, it's important to review co-ownership provisions and the titling of accounts
- Some assets, such as IRAs, Life Insurance and Annuities pass to your designated Beneficiaries; it's important to review those beneficiary designations

## Level Two (Considerations)

**Further enhance the direction of assets, minimize Estate Taxes or increase Asset Protection**

- Grantor Retained Annuity Trusts (GRAT) seek to pass assets to beneficiaries free of estate and gift tax that have appreciated over the IRS 7520 interest rate
- Explore Charitable Trust, Donor Advised Fund and Foundation Options
- Since Life Insurance is not estate tax free, consider establishing an Irrevocable Life Insurance Trust
- Qualified Personal Residence Trust (QPRT)
- Intra-Family Loans can provide family members lower borrowing rates than traditional financing options
- Special Needs Trusts ensure the proper passing of assets to ensure beneficiaries with needs are not disqualified from benefits they are entitled to



% of people with investable assets of \$1 million or more who have not used an expert to create an estate plan  
Source: CNBC



% of Americans that do not have a basic will in place  
Source: Everplans 2015: Harris Poll /Ask Your Target Market Surveys

## Level Three + (Advanced)

**For Complex Estate Tax Issues or Liability Concerns**

- Domestic and Offshore Asset Protection Trusts offers those in high liability fields of work and those with high estate tax brackets options to reduce liability
- Self-Cancelling Notes allow the exchange of property for periodic payments based upon mortality
- Family Limited Partnerships and Family LLC's provide legal, financial and tax structure to family businesses



### Concept Check: Portability

Portability allows you to use your spouse's unused estate tax exclusion. While portability was made permanent for federal estate tax purposes, you should check if your resident state also allows for portability of a deceased spouse's unused estate exclusion. In the event your resident state does not allow for portability, it may make sense for both spouses to have assets in their respective name (or trust's name) up to the resident state's estate exclusion amount.

# HOW ASSETS PASS UPON DEATH



## Probate vs Non-Probate Assets

Probate is a public-court process that helps settle legal and financial matters upon death according to a will, if written.

Court costs, length of time, the lack of privacy and family disagreements are all potential issues that may arise within the probate process. With proper Estate Planning, you can limit the amount of assets that pass through Probate.

