

# NOYES CAPITAL MANAGEMENT<sup>®</sup>, LLC

*Wealth Management for Changing Markets*

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## Estate Tax Laws Are Permanent, No More Excuses

Great news! For the first time in over a decade the estate tax laws are **permanent** and they do not need to be periodically re-approved. So there are no more excuses! No more reasons to delay planning for the future and making sure your estate plan will protect you and your loved ones at the time it is needed most.

Here are the highlights of the new permanent changes:

- The Federal estate tax rate is increased from 35% to 40%.
- Individuals with an estate less than \$5.25 million are exempt from taxes. The exemption amount will be indexed with inflation. For most Americans, federal estate taxes will no longer be a concern.
- Estate tax exemptions will be **portable** between spouses, meaning you and your spouse can combine your \$5.25 million exemptions into a \$10.5 million exemption.
- For decoupled states like New Jersey and New York, the state exemption remains at \$675,000 and \$1,000,000 respectively. For residents of these states, your will may need to be structured to minimize state estate taxes.
- The annual gift tax exclusion increases to \$14,000 per donee. A couple can donate up to \$28,000.

Action steps to take now:

- If your documents are over 5 years old, they should be reviewed to be sure the goals you have for protecting your family and distributing your assets are current.
- If your documents are over 5 years old, your Health Care directive may be out of date. HIPAA language and Powers of Attorney need to provide permission for access to your medical records.
- A by-pass trust may be necessary for couples and individuals who live in states with estate tax exclusions well below the federal level.
- Evaluate insurance policies that were originally placed in ILITs to pay estate taxes that may never materialize.
- Review the need for irrevocable trusts that may no longer be necessary to hold annual gifts for children or grandchildren.

Source: Martin M. Shenkman, Esq.