

# CLIENT ALERTS

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## Tax Reform Will Significantly Alter Your Estate Plan

12.21.2017

Congress just passed the Tax Cuts and Jobs Act (the “Act”) that President Trump is expected to sign in the coming days. The Act provides for changes to the tax code that will have far reaching effects for both individuals and businesses.

The changes are dramatic with respect to the provisions related to estate planning. Under prior law in 2018, each individual has a \$5.6 Million exemption for each of the estate tax, gift tax and generation skipping transfer (GST) taxes. Under the Act, these amounts will be doubled in 2018. This means the first \$11.2 Million of an individual’s assets will be exempt from paying estate taxes. This also means that individuals may make gifts of up to \$11.2 Million during their lifetime without paying gift tax. For married couples, a total of \$22.4 Million will be exempt from paying estate taxes or can be gifted during their lifetime.

The increase in these tax exemptions is currently scheduled to sunset in 2026. At that time, the estate, gift and GST tax exemptions will each revert back to \$5.6 Million. Therefore, high net worth individuals should review their tax planning to determine if gifts in 2018 would be tax efficient.

During the period in which the increase in the tax exemptions is in effect, many married clients will not be faced with paying estate taxes at the death of the survivor. However, married clients should review their estate plans and consider methods for minimizing income taxes following the death of each spouse. If you have done any estate planning in the past, it is critical to review your plan to ensure that all tax considerations are properly considered in light of these changes. For unmarried individuals, awareness of the current tax exemption amounts is still an important consideration when interpreting existing estate planning documents.

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The current tax environment may affect each client differently based on the individual facts and circumstances of each client. To learn more about how the current tax laws may affect you and your estate plan, as well as some additional planning opportunities that you may be able to take advantage of due to the changes in the tax laws, you may contact one of the members of the Estate and Succession Planning Practice Group.