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News & Insights

How Tax Cuts & Jobs Act Impact Estate Planning

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The Tax & Estate Planning Attorneys at Hall Estill advise clients to review estate plans every five years or sooner if a significant change in the family occurs or if there are significant tax law changes. The latter has occurred under the Trump Administration and the top two items to note are:

- The biggest change in the Act in estate planning is the doubling in 2018 of the exemptions for estate, gift, and GST taxes - from $5.6 million per person to $11.2 million per person, or $22.4 million for married couples; this "doubling" is scheduled to "sunset" (expire) in 2026 so it causes some tax uncertainty eight years our; nevertheless tax commentators advise to take advantage of these large exemptions for the transfer of wealth to the next generation without any transfer taxes through the use of gifts or other planning strategies.
- Married couples may have trust documents (possibly formed many years ago) that provide for a Family Trust (credit shelter trust, by-pass trust) which provided for good tax planning some years ago; now, it may be disadvantageous to have this, better to eliminate it, for income tax basis step-up at death reasons. Certain married coupled could have a single joint trust which would result in an easier to follow document and less expensive administration costs, with less complexity.

Aside from tax matters, trusts serve many important non-tax reasons which should be considered or re-examined. Please contact your Tax/Estate Planning attorney for a full review of your estate plan.

Practices

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