



RETIREMENT PLANNING: IT'S A GOOD TIME TO REVIEW YOUR ESTATE PLAN

January 9, 2019

Author: Julie Jason

Laura Weintraub Beck, Chairman of Cummings & Lockwood Private Clients Group was interviewed for an article by Julie Jason, "Retirement Planning: It's a Good Time to Review your Estate Plan" which was syndicated through King Features, a Unit of Hearst which ran January 10, 2019.

Retirement Planning: It's a Good Time to Review Your Estate Plan

Last week, I had a chance to speak with trust and estates attorney Laura Beck, newly appointed chair of the Private Clients Group of Cummings & Lockwood LLC. C&L has offices in Connecticut and Florida.

We discussed whether tax law changes that came into effect in the new year called for clients to review their estate planning. Let me share some of our dialogue.

If federal and state exemptions exceed a client's net worth, is there any urgency to review estate planning documents, particularly since fewer estates will be subject to those taxes? The answer is yes — estate planning is a lot more than tax planning. Even young single people with few if any assets need to address incapacity planning and make sure what they have — which may not be significant financially but matters to them — is properly planned for. For those with assets, the need to review a plan is even more important in light of the changing tax environment.

The current 2019 federal exemption amount is \$11.4 million per person, up from \$11.18 in 2018 and \$5.49 million in 2017. That means 2019 decedents with assets below \$11.4 million will not be subject to federal estate taxes.

What about state estate or inheritance taxes? In Connecticut, for example, the 2019 exemption amount is \$3.6 million, up from \$2.6 million in 2018 and \$2 million in 2017. That means 2019 decedents with estates less than \$3.6 million will not be subject to Connecticut estate taxes. Some states, such as Florida, have no estate or inheritance taxes, thereby "exempting" 100 percent of a decedent's assets.

You would think that these new exemption amounts that kicked in for 2019 are beneficial to all, so why would anyone need to do a review now?

"The biggest issue is people who had an estate plan that had the exemption going to someone other than their intended 'main' beneficiary," explained Beck.

For example, a husband's 2015 will provides that the Connecticut exemption amount, which was then \$2 million, goes to the children, with the balance to the wife. Assume the husband owns \$10 million in his own name. If he died in 2018, when the Connecticut exemption was \$2.6 million, his wife would have received \$7.4 million. If he dies this year, his wife would receive \$6.4 million, and the kids \$3.6 million. Was that the husband's intention?

The takeaway here is not to be complacent.

How your estate planning documents are drafted, especially if you have formula clauses that are tied to taxable and nontaxable amounts, can have a much different effect than you anticipated when you last reviewed your

CUMMINGS & LOCKWOOD LLC

estate plan. The worst case, as Beck pointed out, is unintended consequences, such as leaving out a spouse altogether.

The solution is to have the formula clause include a cap; for example, leave all amounts free of federal and state taxes to the children up to a specific dollar amount or percentage of the estate, with the remainder going to the spouse. That way, estate taxes can be minimized, and the testator's intentions implemented.

This discussion may leave you with this question: Should I call my estate planning attorney to review my estate plan? In my decades long experience as a personal money manager to high-net-worth families, I believe in being current on estate planning documents, powers of attorney, trusts, living wills and health care proxies. I also believe in knowing where assets would go in the event of death. (Check www.juliejason.com/blog for details on how to do this.)

Beck says she always start conversations with "Tell me what you want." Her job is to make sure your wishes are implemented in a tax-efficient fashion.

For a link to this article, [click here](#).