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2nd Quarter 2018

Current Events Update for Financial Advisors

Estate Planning | Estate Settlement & Probate
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on the cover

Photo was taken at Long Arm Branch which is a 3.5 mile point-to-point trail leading to Bearwallow Gap in East Tennessee. It is the starting point to Pine Ridge Falls.

The photographer is Gary Caldwell.

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THE ANDERSEN FIRM, Attorneys at Law

Law isn't just our profession, it is our passion. You and your clients will thrive from the distinct advantage of being represented and counseled by attorneys who are at the top of their profession. You get a partner and a teammate when you and your clients work with The Andersen Firm. Together we build relationships, developed and nurtured by our attorneys and their highly skilled and accessible team. These will be the relationships you value and trust, year after year.

As a financial advisor working with The Andersen Firm, you will receive guidance on how to position wealth management with your clients, suggested talking points that open communication and strengthen your relationships with your clients, and successful marketing ideas. This team approach allows us to develop a deep understanding of the clients' wishes, intentions, and goals enabling us to provide sophisticated, creative, and practical approaches to solving the most pressing questions. These strong relationships grant financial advisors and our mutual clients with the service of a boutique firm with the strength and experience of a giant.

laugh of the day...

An old woman walked up and tied her old mule to the hitching post. As she stood there, a young gunslinger stepped out of the saloon with a gun in one hand and a bottle of whiskey in the other. The young gunslinger looked at the old woman and laughed, "Hey old woman, have you ever danced?"

The old woman looked up at the gunslinger and said, "No, I never did dance... Never really wanted to."

A crowd had gathered as the gunslinger grinned and said "Well, you old bag, you're gonna dance now," and started shooting at the old woman's feet.

The old woman prospector -- not wanting to get her toe blown off started hopping around. Everybody was laughing. When his last bullet had been fired, the young gunslinger, still laughing, holstered his gun and turned around to go back into the saloon.

The old woman turned to her pack mule, pulled out a double-barreled shotgun, and cocked both hammers. The loud clicks carried clearly through the desert air, and the crowd stopped laughing immediately.

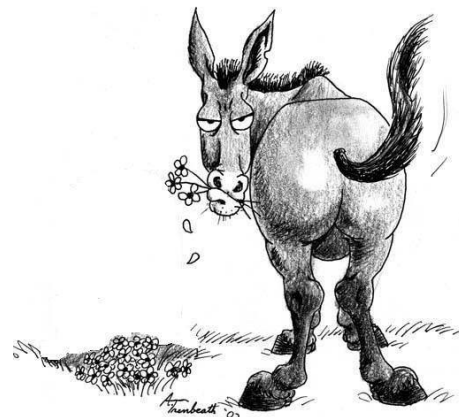
The young gunslinger heard the sounds too, and he turned around very slowly. The silence was almost deafening. The crowd watched as the young gunman stared at the old woman and the large gaping holes of those twin barrels.

The barrels of the shotgun never wavered in the old woman's hands, as she quietly said, "Son, have you ever kissed a mule's ass?"

The gunslinger swallowed hard and said, "No m'am, But i've always wanted to."

There are five lessons here for all of us:

1. Never be arrogant.
2. Don't waste ammunition.
3. Whiskey makes you think you're smarter than you are.
4. Always make sure you know who has the power.
5. Don't mess with old people; they didn't get old by being stupid.





Legal Issues for Clients as Families Grow

If your clients are having a child, adopting, or marrying a spouse with children, you may already be meeting with them to discuss the family's finances everything from managing current costs to providing for the children's future. But in those discussions, give them a huge gift: Let them know an estate plan is essential for any expanding family.

For example, many parents believe they can, on their own, informally designate someone to be their children's guardian say through a religious ceremony or just by asking a friend or relative. However, that is not true. Although these ceremonies and discussions are crucial and may be personally meaningful, they are not sufficient to protect minor children. To create an enforceable guardianship (which authorizes a legal guardian to care for a child when parents cannot), a guardian must be appointed in the parents' Will. Otherwise, a child will become a ward of the state, and a judge will appoint the child's guardian. Without your guidance, the court may appoint someone your clients would not want to serve.

Similarly, in an estate plan, there are several options to protect the financial assets your clients have worked so hard to accumulate. A minor child cannot directly inherit any property and a court-chosen representative would be in charge of supervising the inheritance. In many cases, the rules governing investment may cause you to lose the assets under management, because the court-chosen representative must select so called "safe" investments. Then, at the age of majority, the now adult child could be handed a check and no guidance on what to do

with it. But with a trust, parents can choose a trustee to supervise the assets (potentially keeping them under your management); they can also space out inheritance pay outs and establish conditions for distributions (such as based on education). And trusts may also protect the family from estate taxes and probate costs all while providing enhanced privacy and flexibility.

The same conversation you've already started having preparing for a child's financial future is also a conversation to have with clients who are becoming grandparents. They may already have ideas on how they want their children to inherit, but now they should examine these plans, in light of the next generation.

And of course, if parents already have one or more children, but there's another child about to come along, then it's time to revisit any existing plans just to make sure that they'll properly address the new, growing family's needs.

When you commit to growing and effectively managing your clients' wealth, you can also ensure that their estate plans match their needs. As families grow and evolve, so too must estate plans.

We are here to answer questions, address concerns, and help you protect and nurture your clients' financial futures. Contact us today at 866.230.2206. ●

D O N ' T D O I T !

Giving Your Assets to Your Children Now Can Cause Serious Problems



Sometimes people will transfer title of their assets to their adult children while they are living, thinking it will make things easier for their children when something happens to them or to avoid taxes. Making the transfers will prevent the court from controlling the assets if you become

incapacitated and it will avoid probate when you die. And while there can be valid tax reasons to transfer some assets now if you're a millionaire five times over, it can also create problems - huge problems.

Say Goodbye to Your House, Bank Account, and Car

First, when you give away an asset, it's gone. You may think your children will give it back to you if you change your mind, but they don't have to, and things can change in families when money is involved. They could sell the asset against your wishes, they could lose it to creditors, or they could be improperly influenced by a spouse. If you outlive your children or they divorce, a daughter-in-law or son-in-law could end up owning the asset. Would she or he give it back to you? Not likely.

Say Hello to BIG Taxes

Second, there could be tax problems. Currently, when you give someone other than your spouse more than \$15,000 in one year, a gift tax may be involved. And when your children sell the asset, there will probably be a capital gains tax. That's because, under current law, the asset would not receive a stepped up basis like it would if it were inherited upon your death.

The basis of an asset is the value used to determine gain or loss for income tax purposes. Most of the time, the basis is what you paid for the asset. If you give an appreciated asset to your children while you are living, it keeps your basis (what you paid for it). But if they receive that same asset as an inheritance after you die, it may receive a new stepped up basis as of the date of your death.

Scary Tax Example

Let's look at an example. Let's say Bob purchased his home for \$100,000, and today it's worth \$350,000. He gives it to his son Tom, who then sells it for \$350,000. Because Bob transferred title to Tom while he was living, the house keeps Bob's original cost basis of

\$100,000. That means Tom has a \$250,000 gain on the sale and under current tax law, he has to pay at least \$50,000 in capital gains tax. Currently, the capital gains tax rate for this type of asset is 20%. Depending on Tom's other income and filing status, he may also have to pay an additional 3.8% Net Investment Income Tax which equates to possibly another \$9,500 of tax.

Favorable Tax Example

Now, let's look at the other scenario. Tom receives the house as an inheritance after Bob dies instead of as a gift while Bob was living. Because it is received as an inheritance instead of as a gift, the property receives a new stepped up basis to the market value as of the date of Bob's death, which is \$350,000. Now when Tom sells the house for \$350,000, there is no gain on the sale...and no capital gains tax (or Net Investment Income Tax) to pay.

Forget About Any Help with Nursing Home Expenses

Substantial gifts may also disqualify you from receiving Medicaid and SSI (Supplemental Security Income) benefits for a significant period of time.

Let's Continue This Conversation

Gifting can be a great way to reduce estate taxes if your estate is very large (above \$10 million). But never give away an asset you may need later. And make sure you consult with our office before making a substantial gift.

*To schedule a complimentary estate plan review and discuss gifting opportunities for you or your clients, please contact **Mel Campbell at 866.230.2206.** ●*



Out of Date and in Need of Immediate Overhaul: The Story of Many Existing Estate Plans

Client and prospect meetings need to include a review of the estate plan – does it still work as expected, is the trust funded, have beneficiary designations been completed, did any laws change, have family or finances changed, how old are the documents, and was there a move to a new state? Recognizing when an estate plan needs to be updated will lead to meaningful discussions about what keeps clients and prospects up at night. When you can help alleviate their concerns, you're a hero to your clients.

How Your Business Will Benefit from Spotting Estate Plans That Need Updates

An out-of-date estate plan can cause a multitude of problems. Your business will benefit from identifying out-of-date plans because:

- Your clients will gain peace of mind knowing that you are watching out for them and proactive in seeking solutions.
- If an estate plan doesn't work as expected, assets may likely leave your management.
- You may gain new assets under management as new investments and trusts are created for grandchildren or other beneficiaries.
- You will make new connections and gain new referral sources when you work with your client's attorney, accountant, and banker to bring things up to date.

Ten Reasons for Updating an Estate Plan and a Financial Advisor's Opportunities

Reason # 1) Change in Marital Status. Separation, marriage, and divorce all require major changes to an estate plan. Also, be on the lookout for prenuptial planning opportunities if marriage is being considered.

Reason #2) Change in Financial Status. Winning the Powerball will certainly change someone's financial status, but so will selling a business, retiring, or receiving an inheritance. Money in motion may require changes to the estate plan, advanced planning, and additional products.

Reason #3) Birth or Death.

The birth of a child or grandchild often leads to opening UTMA accounts, setting up 529 plans, and creating gifting trusts. The death of a beneficiary may require the addition of new beneficiaries and changes to beneficiary designations; the death of a family member or friend named as a successor trustee or other fiduciary may result in the need for a corporate trustee.

Reason #4) Changes in Lives of Beneficiaries or Fiduciaries.

Ask about the following:

- Has a beneficiary developed a drug or shopping habit?
- Has a beneficiary gotten married or divorced, given birth, or adopted?
- Has a child or grandchild become an adult and a good candidate to serve as a successor trustee or other fiduciary?
- Has a parent, sibling, or friend become too old to serve as a successor trustee or other fiduciary?
- Has a former employee or estranged friend been named as a beneficiary or fiduciary?

Reason #5) Changes in Latitude.

Moving from one state to another warrants a review of the estate plan to ensure it will work as expected under the laws of the new state. And, purchasing a second home or investment property outside of the home state requires a discussion about how the property should be titled.

Reason #6) Changes in Estate and Business Planning Law.

In the wake of the American Taxpayer Relief Act of 2012 (ATRA), some basic assumptions that shaped most estate plans—especially estate tax thresholds and the principle of portability

shifted significantly. Every estate plan drafted before 2013 needs a review and probably an overhaul. If your client has a plan created before 2013, we're available to help them overhaul their plan.

Reason #7) Innovations in Estate and Business Planning Approaches.

Laws change. Societal trends change. Court cases are decided. IRS rulings come down. And in response, thought leaders in estate planning, business planning, and elder law innovate. Examples include lifetime QTIPs, hybrid asset protection trusts, standalone retirement trusts, and more. Even well-drafted plans from more than a few years ago miss these innovations. Your clients deserve to know if newer strategies and techniques might be better for them.

Reason #8) Potentially Heightened Need for Asset Protection.

Estate and business planning attorneys are not the only ones innovating. So are those who would like to use the law to raid your clients' assets, whether justifiable or not. You can help ensure they are the least attractive targets for such threats through the use of proven asset protection strategies.

Reason #9) Innovations in Investment Tools and Strategies.

With the rise of exchange-traded funds (ETFs) and their distinctively tax-efficient design, as well as no-load variable annuities, it is possible today to avoid, defer, and/or reduce taxes in ways that were previously much harder or expensive to do. These reopen the door to investment-related estate strategies that previously might have been avoided because of their tax inefficiency.

Reason #10 – Windows of Opportunity in Economic and Market Cycles.

Conditions that prevailed when your clients adopted their existing estate or business planning strategies may have led their attorneys and advisors to ignore or reject certain strategies as infeasible that now under different economic or market conditions might be especially attractive. For example, low interest rates like those today raise the viability of strategies like Grantor Retained Annuity Trusts (GRATs) and premium-financed life insurance that might have previously seemed inappropriate.

Caution – When Should an Estate Plan Be Amended or Completely Overhauled?

Once it has been determined that the estate plan needs an overhaul, the initial reaction may be to patch things up with a "simple" or "cheap" amendment. The truth is that most truly helpful changes require a complete restatement or overhaul of the plan.

Talking Points for Advisors - Restatements and Amendments

Below are talking points to help advisors identify who among their clients and prospects will benefit from updating an old, out-of-date Revocable Living Trust, or setting one up for the first time:

- **Clients/Prospects who have accounts titled in the name of a Revocable Living Trust** – Check the date of the trust; if the date is more than a few years old, then the agreement may not have been reviewed in recent years; if you're not sure if the trust is "revocable" or "irrevocable," give us a call at 866.230.2206.
- **Unmarried Clients/Prospects who have accounts titled in their sole name** – Perhaps they don't have a trust, haven't taken the time to fund their trust, or were advised (correctly or incorrectly) to leave the account(s) out of their trust.
- **Clients/Prospects who have accounts titled in joint names with their spouse, children or other family members** – Perhaps they don't have a trust, haven't taken the time to fund their trust, or were advised (correctly or incorrectly) to leave the account(s) out of their trust.
- **Clients/Prospects who recently lost a spouse, parent, child, or other family member** – They may need to update their trust, other estate planning documents and beneficiary designations to name new beneficiaries, successor trustees, and health care and other agents.
- **Clients/Prospects who have children in their twenties or thirties** – They may not have updated their trust since their children became adults and may want to name them as successor trustees and other agents in place of parents, siblings, or friends; in addition, their children may need to create their own estate plans.
- **Clients/Prospects who recently had a grandchild** – They may want to amend their trust to add specific bequests, an education trust for grandchildren, or set up and fund a gifting trust, UTMA/UGMA account, or 529 plan.
- **Clients/Prospects who recently divorced** – They will most likely need to update their trust, other estate planning documents and beneficiary designations to name new beneficiaries, successor trustees, and health care and other agents.
- **Clients/Prospects who recently moved to a new state** – They may need to update their trust and other estate planning documents to comply with the laws of their new state and retitle their new residence into the name of their trust.
- **Clients/Prospects who recently purchased a second home** – They may need to amend their trust or add a Qualified Personal Residence Trust to address what happens to the second home after death, or they may need to simply retitle their new residence into the name of their trust.
- **Clients/Prospects who recently sold their business** – They may need to update their trust or add advanced planning to address additional liquidity or a note due from the new owners. **Clients/Prospects who are younger members of a wealthy family** – They may not have an estate plan at all or need to beef up a simple, stop-gap plan.

Hot Opportunities:

All of these situations offer a great opportunity to get clients and prospects talking about their estate plan and how they think it's supposed to work, and if it will still work as intended.

Our attorneys are available to meet with advisors and the advisor's target audience through phone calls, emails, letters, meetings, breakfast/lunch/happy hour and learns, and private and public seminars to get clients and prospects talking. These conversations give advisors the opportunity to share with clients and prospects the following problems associated with old, out-of-date Revocable Living Trusts:

- Since state and federal tax laws have changed significantly over the past decade, an old trust may cause income tax or estate tax issues that can be avoided by revising the trust language.
- An old trust doesn't take advantage of modern, flexible planning options.
- An old trust may inadequately address (or not address) the incapacity of the trustmaker, beneficiaries, and trustees.
- An old trust most likely doesn't contain provisions for accepting assets from an IRA, 401(k), or annuity.
- An old trust that was designed to leave the Family Trust directly to children may completely disinherit a surviving spouse or greatly diminish the assets they will receive.
- An old trust that leaves an inheritance outright (either right away or at specific ages) lacks creditor protection for heirs.
- An old trust may inadvertently disinherit desired beneficiaries or include unintended beneficiaries (adopted children and grandchildren; stepchildren and step grandchildren; spouses of children and grandchildren).
- An old trust with multiple amendments may be confusing and difficult to administer.
- An old trust with multiple amendments allows beneficiaries to see prior provisions and changes that have been made over the years, opening the door to challenges.
- An old trust with multiple amendments can become easily misplaced, leaving gaps in the plan and opening the door to challenges.

We Are Your Estate Planning Partners

Spotting the reasons why an estate plan should be updated is straightforward. Knowing how to fix the plan isn't. Please view us as your partners who will sit in on prospect and client meetings and provide the estate planning expertise required to make and update estate plans that will work as anticipated during life and after death. And, as always, we are available to answer your questions and review out-of-date estate plans. To schedule a complimentary review for yourself or your clients, please contact **Mel Campbell at 866.230.2206 or MCampbell@TheAndersenFirm.com**.

HOW AND WHY LIFE INSURANCE STILL MATTERS IN ESTATE PLANNING

A frequently overlooked aspect of a client's life insurance is proper alignment with estate planning goals. Between the typical set-it-and-forget-it mentality and a simple beneficiary approach many people take, a neglected life insurance policy often fails to achieve the goals that initially led to the purchase of the policy.

But, you can help. You, as the trusted financial advisor, and us, as the estate planning attorney, can thoroughly review your client's life insurance needs and policies. You may be able to recommend modifications or new policies to address vulnerabilities, and we can ensure that the ownership of the policy and death benefit are properly aligned to achieve your clients' estate planning goals. By building deeper and broader relationships with your clients, you can grow your own business through referrals, earn commission on any newly written life insurance, and, potentially, undertake management of assets when the policies pay out.

What can go wrong with life insurance?

Many people fail to integrate their life insurance policies into their estate planning effectively.

Here are just a few of the many things that can go wrong:

1. A client may think their life insurance is entirely separate from their other assets. As a result, they fail to adequately account for this asset in their estate plan, missing opportunities to provide for their family.
2. A client may have an old, underperforming policy that follows dated mortality tables, bears higher administrative costs, or yields lower interest than a more current policy would. There has been so much change in the financial services and insurance industry over the years that "old" policies certainly need a fresh look.
3. A client may own life insurance inside an Irrevocable Life Insurance Trust or ILIT. Depending on the client's needs, age, health, and financial status, the ILIT itself may no longer be necessary. ILIT-owned policies should also be reviewed, as they may need to be replaced by a new policy.
4. A client may have outdated or non-existent beneficiary designations. Common mistakes include naming a deceased person, a former spouse, a minor child or grandchild, or omitting children born after the policy was issued. Integrating life insurance into a clients' estate plan can resolve these issues and more.

Tools for life insurance estate planning

The good news for your clients, and for you, is that a full review of the estate plan will often reveal these vulnerabilities so you can correct them before any adverse outcomes occur. Of course, the solution will differ from client to client based on the size of the estate, the current ownership and beneficiary structures, and other factors.

The 1035 Exchange

Typically, when a permanent or universal life insurance policy is cashed out, the proceeds count as taxable income. However, a 1035 Exchange, named after the applicable section in the tax laws, enables your client to trade in a less-than-ideal “old” life insurance policy for a “new” life insurance policy without adverse income tax consequences. Depending on the size and complexity of your client’s estate plan, this simple switch may be all that’s needed at the moment; at other times, you’ll use it simultaneously with other strategies.

Obtain a Completely New Policy or Convert a Term Policy

If your client has a term life insurance policy, it might make sense to get an entirely new policy. Of course, a client’s health is a significant factor here and that alone might be a reason to convert an existing term policy into a permanent policy, if a conversion feature is available. Some insurers even allow for the addition of long-term care riders or other “lifetime” access features that either weren't available at all or weren't widely available in the past.

Irrevocable Life Insurance Trust (ILIT)

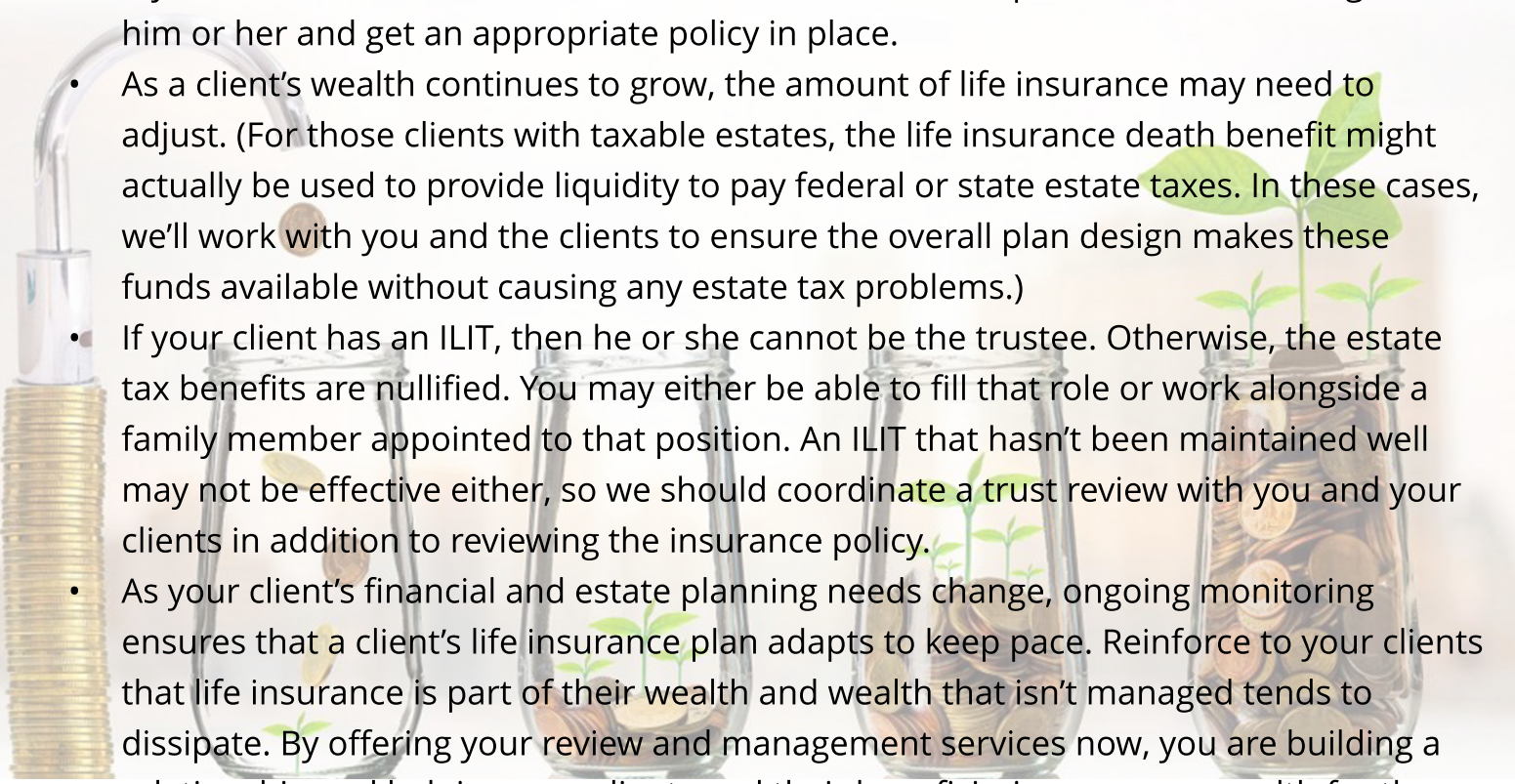
Life insurance death benefits are considered part of a decedent’s estate and are therefore subject to estate tax. The proper design, funding, and implementation of a special trust designed to own life insurance, known as an Irrevocable Life Insurance Trust or ILIT, can save estate taxes. Unfortunately, many people consider these trusts for estate tax reasons only, but the robust asset protection and asset management consolidation for beneficiaries can be reason enough to create one of these trusts.

Stan Miller, a principal of WealthCounsel and estate planning attorney at ILP + McChain Miller Nissman, summarizes the asset management benefits of trusts:

“In my experience, wealth that is aggregated and managed will grow and provide a lasting benefit to a family. On the other hand, wealth that is divided and distributed dissipates. It simply doesn’t create a long-term benefit. Life insurance, for many people, creates instant wealth that, when properly managed inside a trust, can provide lifelong benefits to your spouse, children, and even grandchildren.”

The importance of ongoing insurance review and management

The best way to help keep your clients' life insurance component current is through periodic review and continuous management. Here are some examples of what this review process can look like:

- 
- If you have a client who has no life insurance, now is the perfect time to strategize with him or her and get an appropriate policy in place.
 - As a client's wealth continues to grow, the amount of life insurance may need to adjust. (For those clients with taxable estates, the life insurance death benefit might actually be used to provide liquidity to pay federal or state estate taxes. In these cases, we'll work with you and the clients to ensure the overall plan design makes these funds available without causing any estate tax problems.)
 - If your client has an ILIT, then he or she cannot be the trustee. Otherwise, the estate tax benefits are nullified. You may either be able to fill that role or work alongside a family member appointed to that position. An ILIT that hasn't been maintained well may not be effective either, so we should coordinate a trust review with you and your clients in addition to reviewing the insurance policy.
 - As your client's financial and estate planning needs change, ongoing monitoring ensures that a client's life insurance plan adapts to keep pace. Reinforce to your clients that life insurance is part of their wealth and wealth that isn't managed tends to dissipate. By offering your review and management services now, you are building a relationship and helping your clients and their beneficiaries preserve wealth for the future.

We're here to assist.

A well-structured life insurance component can be a welcome addition to any estate plan. But don't use life insurance in a vacuum – work with us to coordinate it with your clients' estate plans. Our team can help you provide strategic estate planning services for your clients. Give us a call or email us with your questions at any time. To schedule a complimentary estate planning review for yourself or your clients or prospects, contact **Mel Campbell at 866.230.2206 or MCampbell@TheAndersenFirm.com**



HOW TO PROTECT YOUR CHILD'S INHERITANCE FROM HIS OR HER UNTRUSTWORTHY SPOUSE

Parents who develop an estate plan often do so to provide for their heirs financially. Many want to make sure hard-earned assets, family heirlooms, or closely held businesses stay within the family. Indeed, a common question is what cost effective options are available to protect one's children's inheritance from a spouse in the event of untrustworthiness or divorce. Thankfully, there are many ways to structure your child's inheritance to help ensure it will remain in the family for future generations. Let's look at a few of the options now.

Create a Trust

A trust involves three parties: (1) the person creating the trust (you might see this written as the "settlor," "trustmaker," or "grantor."), (2) the person or entity holding the trust property for the benefit of the beneficiary, known as the "trustee", and (3) the person(s) that benefit from the creation of the trust, known as the "beneficiaries." Choosing a trustee who is independent can be a great way to eliminate any arguments that one beneficiary has more control to receive assets than what is actually provided in the trust documents than other beneficiaries, a helpful situation when you have an untrustworthy son- or daughter-in-law.

A lifetime trust, even in the event of a divorce, an ex-spouse cannot pursue them. is a type of trust that - as is evident from its name - lasts for the lifetime of the beneficiary and passes to the next generation of beneficiaries upon his or her death. It is commonly referred to as a "generation-skipping trust" and can also dramatically reduce or eliminate estate taxes. Assets in a lifetime trust are protected against commingling in the marriage and, therefore, cannot be pursued by a spouse. When assets are held by a trust your children - and, by extension, their spouses - cannot access these assets. Therefore, even in the event of a divorce, an ex-spouse cannot pursue them.



Use Prenuptial Agreements

In addition to creating a trust to protect your children's inheritance from an untrustworthy spouse, your children can use a prenuptial agreement as a tool for asset protection. A prenuptial agreement is a document that details an agreement between your child and his or her spouse about the characterization of assets owned at the time of marriage and those earned after marriage. This legal document also provides the couple an agreement of on the division of assets in the event there is a divorce. Because enforceability of prenuptial agreements varies by state, it is important to seek the advice of a legal professional before drafting and signing the contract. It may be an uncomfortable suggestion to bring up with your children, but it can be an incredible benefit in the event of a later divorce.

Other Planning Ideas

Beyond the actual legal tools, it is important for you to let your wishes be known to the family. One way to do this is to have a family discussion about your estate plan, explaining your intentions and reasons as to why it is set up in this manner. Additionally, using clear language in your estate planning documents that specify the intent or purpose in leaving the inheritance to benefit descendants - and not their spouses - can further solidify your wishes are followed. Finally, choosing a trustee that is independent will keep control over the funds in the trustee's hands and not your child's untrustworthy spouse. This will also allow you to manage or overcome any conflict that you may not have been expecting.

Bottom Line: Seek Out Estate Planning Help

If you wish to make sure your descendants receive a portion of your estate, discuss these intentions with your children and devise an estate plan that will guarantee this desire is fulfilled after your passing. Whether you have no estate plan, or have one that is more than a few years old, sit down with an estate planning professional to create or update this plan to suit your goals.

Planning with the New \$10M+ Gift Tax Exemption

On December 22, 2017, President Donald J. Trump signed a new tax bill into law. Informally referred to as the Tax Cuts and Jobs Act, the law will impact just about every taxpayer at some level. While many of the provisions became effective on January 1, 2018, in practice, the specifics will continue to evolve as regulations are written and the inevitable judicial decisions are handed down. Still, at this point, there are already many changes that we can rely upon when constructing an estate plan.

Clients come from across the wealth spectrum. Of course, there are many variations of these categories, but broadly speaking, we may have three categories of clients: (1) ultra-high net worth, (2) high net worth, and (3) modest net worth. Each client category will have a different reaction and need as a result of the new tax law.

An individual who “used up” her exemption with taxable gifts in the past may now have the potential to create additional trusts or add assets to existing trusts. This is most common in ultra-high net worth and high net worth clients. With the exemptions exceeding a million dollars since the early 2000s, most people simply do not have the assets to “use up” the exemption. But for those clients who have, this new exemption is a significant opportunity.

The base gift, estate and generation-skipping tax exemptions have now doubled from \$5 million per person to \$10 million per person. This is particularly important for high-net worth clients who had some concern about the estate, gift, and generation-skipping tax in the past, but were only on the cusp of tax exposure. With the higher exemptions, we can broaden their estate planning strategies

and, with a few adjustments, likely eliminate the risk of estate tax in addition to providing more protection and peace of mind.

When combined with today’s low interest rate environment, gift value can be dramatically increased by implementing advanced planning strategies, such as grantor retained annuity trusts (GRATs), spousal lifetime access trusts (SLATs), generation-skipping trusts, and charitable trusts.

In addition, the 2704 regulations, which severely restricted valuation discounts, have been withdrawn by the IRS. As a result, the use of discounting strategies to further leverage the higher exemption is possible for the right client and situation.

The new law provides multiple estate planning benefits for high-net worth individuals, but the regulations and tax considerations—as well as the start-and-stop dates—can be confusing, to say the least. Further complicating the situation are temporary tax rules, which add complexity to already tax-sensitive wealth transfer planning. This is especially true when we consider that both state and federal taxes need to be taken into account.

We are here to help.

As the new law continues to evolve, having a flexible wealth transfer plan is critical. Contact Mel Campbell at 866.230.2206 or MCampbell@TheAndersenFirm.com with your questions or concerns, or to schedule an appointment.

Practice Areas

Estate Planning

At The Andersen Firm we have planned for a vast array of estates ranging in size from a few hundred thousand dollars to a hundred million dollars and up, all the while realizing each specific case is different and requires specialized attention.

Estate Settlement & Probate

The process of settling an estate can be difficult and emotionally painful for the family and loved ones of the deceased. It is our goal at The Andersen Firm to ensure that the process be handled with compassion, expedience, professionalism, and expertise, while protecting the rights of all parties involved. If the circumstances surrounding a client's estate require probate, our attorneys offer extensive experience in handling the processes and legalities involved.

Asset Protection

For some, putting an Asset Protection Plan in place is advisable in order to attempt to remove the economic incentive to be sued and also to try and increase the ability to force an early settlement in the event a suit is filed.

Litigation

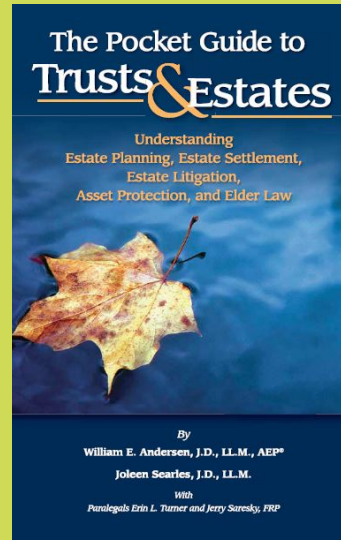
Our attorneys are skilled at handling cases involving estate and trust disputes, civil litigation, commercial litigation, and real estate litigation. Our attorneys draw on a thorough knowledge base of the specific procedures surrounding these issues. The Andersen Firm can efficiently take each case through to completion. Whether you are an individual or a business, defendant or plaintiff, our extensive experience affords our clients the benefit of our counsel.

Real Estate

Our attorneys possess the expertise of being able to draft and review any contract relating to real estate, including but not limited to purchase and sale contracts and addenda, leases with options to purchase, stock purchase agreements, joint venture agreements, mergers and acquisitions, and business purchase agreements.

The Pocket Guide to Trusts and Estates

Bill Andersen and Joleen Searles with Erin Turner and Jerry Saresky have released their collaborative book



The Pocket Guide to Trusts & Estates: Understanding Estate Planning, Estate Settlement, Estate Litigation and Asset Protection.

NEW EDITION COMING SOON

COMMENTS: If you have questions about The Andersen Firm's practice areas, need assistance with continuing education, client seminars, would like to request a copy of The Pocket Guide, or have a question or suggestion about our website, **Angela Hooper** is our **Director of Professional Alliances**. Angela welcomes your calls and may be reached at 866.230.2206 or by email at AHooper@TheAndersenFirm.com.

