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DOES YOUR ESTATE PLAN MEET YOUR OBJECTIVES?
Are you sure?

Unless you modified your estate plan after 2017, it may not achieve the results you intend because of significant changes in federal tax laws in recent years (details of which are provided on the next page). We therefore strongly encourage you to review your estate plan to ensure it does, in fact, meet your objectives.

Relevant laws are complicated. The impact of changes in those laws depends, in part, on your specific situation and the components of your estate plan: the manner in which you hold title to your assets, beneficiary designations and estate planning documents. At issue in your plan might be one or more of the following:

- Older estate planning documents may create tax saving trusts that are no longer necessary.
- Trust provisions contained in older documents may result in an outright gift or funding of a trust at much higher or lower levels than you intended.
- You may be the settlor, trustee or beneficiary of a trust that is obsolete or ineffective.
- It may be possible to simplify your estate plan.
- Your estate plan may be made more efficient for income tax purposes.
- The manner in which your assets are titled (i.e., tenancy in common, transfer on death, joint tenants with right of survivorship, sole name) may no longer be appropriate.
- Your beneficiary designations may not be up to date to produce your intended results.
- It may be possible to make your estate plan sufficiently flexible to achieve your objectives if and when relevant federal laws change in the future.
- You may wish to make significant gifts before the current laws expire or are otherwise changed.

To partner with you in this important assessment of your estate plan, we invite you to schedule a telephone consultation with one of our attorneys. If you already work with an attorney in the firm's Trusts and Estates Department, please contact that attorney directly to schedule a convenient time for a consultation. If not, please contact Julie Martin, the Practice Management Coordinator for the firm's Trusts and Estates Department, who will introduce you to an attorney in the department with whom you can schedule the consultation. Julie can be reached at jmartin@sogtlaw.com or 215-887-0200.

Federal Tax Law Update

In 2010, the exclusion from the federal gift tax ("FGT") and federal estate tax ("FET") and the exemption from the generation-skipping transfer tax ("GSTT") was increased from $3.5 million to $5.0 million per taxpayer (or double that amount for a married couple), indexed for inflation beginning in 2012. The 2010 Tax Act also introduced the concept of "portability" for FGT and FET purposes (but not for GSTT purposes). Portability allows a surviving spouse to use his or her deceased spouse's unused FGT/FET exclusion if an election is made by timely filing an FET return in the estate of the first spouse to die.

More recently, the Tax Cuts and Jobs Act ("2017 Act") also made changes to the FGT, FET and GSTT. Significantly, it did *not* repeal those taxes. Instead, the 2017 Act *temporarily* further increased the exclusions/exemption from those taxes. In particular, the exclusions/exemption from those taxes increased from $5.0 million (indexed for inflation) to $10.0 million (indexed for inflation). No change was made to portability, thus preserving the ability of a surviving spouse to use the unused FGT and FET exclusion of a deceased spouse. With proper planning, the amount of wealth that a married couple can shield from the FGT, FET and GSTT is doubled. In 2019 that exclusion is $11.4 million per person.

However, the exclusion/exemption amounts from the FGT, FET and GSTT provided for by the 2017 Tax Act are temporary and will revert to $5.0 million per taxpayer (indexed for inflation) after 2025 (by that time, it is projected that indexing will result in an exclusion/exemption amount of roughly $6.0 million per taxpayer or $12.0 million for a married couple).

In addition to being temporary, the changes made by the 2017 Tax Act may be revised by future legislation. The exclusions/exemption from these taxes is a politically-charged issue, with some calling for a reversion to a $5.0 million or even a $3.5 million exclusions/exemption sooner than 2026, while others still hope for an outright repeal of the FET. For example, a bill recently introduced into the House of Representatives would, if enacted (doubtful, because the Senate would most likely not agree), have the exclusions/ exemption revert to $5.0 million (indexed for inflation) two years earlier than provided by the 2017 Act, or after 2023.