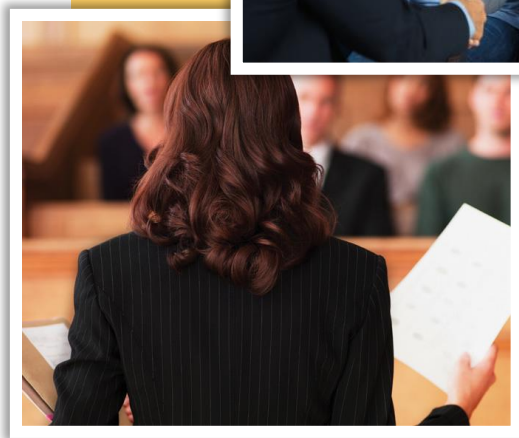


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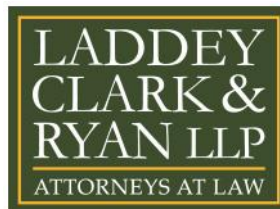


HOW DO WE PLAN OUR ESTATE NOW THAT EVERYTHING HAS CHANGED?

PRESENTED BY:

RENATA A. MIZAK, ESQ.
*LCR CHAIR OF WILLS, TRUSTS & ESTATES
AND ELDER LAW*

OCTOBER 29, 2019



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New Jersey Tax Update

- ❖ On October 14, 2016, Gov. Christie signed that highly controversial “Gas Tax Bill.”
- ❖ As of January 1, 2018, there was no longer a NJ Estate Tax.
- ❖ The Gas Tax law is now being challenged. What will happen if that law is repealed?
 - ❖ Return to the old \$675,000 exemption? Or, there are bills pending with the Legislature to bring the New Jersey Estate Tax exemption back now, between \$2 million or \$3 million.
 - ❖ Remember that this possible repeal will affect some of the other tax breaks, including:
 - ❖ Retirement Income Exemptions – The exemptions for certain retirement income (401Ks, IRAs, etc) will increase over the next 4 years, from \$20,000 to \$100,000 for married filers and from \$15,000 to \$75,000 for single individuals.
 - ❖ Veterans Exemption – There is a new income tax exclusion of \$3,000 for honorably discharged veterans, in addition to any other applicable personal exemptions.

What About the Federal Estate Tax?

❖ President Trump's administration, through the Tax Cuts and Jobs Act, has increased the Federal Estate Tax from \$5.49 million in 2017 to \$11.2 million in 2018 and 2019. However, in 2026, the exemption limits will revert back to 2017 amount.

❖ When the Federal Estate Tax Exemption was \$5.49 million per person in 2017, an estimated 0.2% of U.S. Estates were subject. That was about 5,500 Estates.

❖ With the \$11.2 million exemption, less than 0.1% of U.S. Estates, or 1,700 Estates, will be subject to the Federal Estate Tax Exemption.

Estate Planning Documents Everyone Needs

1. Last Will & Testament (with Funeral Agent Designation)
2. Power of Attorney (effective immediately or upon disability)
3. Healthcare Directive (with 3 components: Healthcare Proxy, Living Will, and Organ Donation) – must include HIPAA Authorization.
4. Personal Property Memorandum (must be referenced in Will)
5. Funeral Memorandum (must be referenced in Will)
6. Applicable Trusts
 - Revocable Living Trust (See article)
 - Special Needs Trust (for “Disabled” Beneficiaries)
 - Children’s Trusts (Under 30, typically)
7. Non-Probate Assets: Beneficiary Designations; TOD/POD Designations; Life Estate Deeds; and Joint Assets with Right of Survivorship.

Famous People who Died without a Will

- Abraham Lincoln
- Dr. Martin Luther King, Jr.
- Howard Hughes
- Sonny Bono
- James Brown
- Barry White
- Jimi Hendrix
- Bob Marley
- Michael Jackson
- Prince
- Aretha Franklin (maybe not?)

Famous People who Died without a Will (cont)

Aretha Franklin

- Died on August 16, 2018 at age of 76, of pancreatic cancer
- Net Worth: Estimated \$80 million as of date of death.
- Lawyer Don Wilson said: “She understood the need. It just didn’t seem to be something she got around to.”
- Action for Administration filed in Michigan – her cousin, Ms. Owens, became the Administrator, with her 4 sons as heirs to split the Estate equally under Michigan’s intestacy laws.
- Recently, 3 different handwritten documents have been found – believed to be Wills or Codicils to Wills – all 3 documents say very different things regarding distributions.

The Benefits of Charitable Gifting

- Minimize taxes while supporting a meaningful cause
- Avoid or greatly reduce Income Taxes (especially Retirement Accounts, which are tax deferred), Capital Gains Taxes (especially when you have substantially appreciated assets such as real estate and stock), and Estate Taxes.
- Ways to Make charitable gifts:
 - Lifetime Giving (income tax deductions)
 - Testamentary Gifts
 - Give Gifts through Retirement Income
 - Trusts for Charitable Giving:
 - Charitable Lead Trusts
 - Charitable Remainder Trusts
 - POD/TOD/Beneficiary Designations

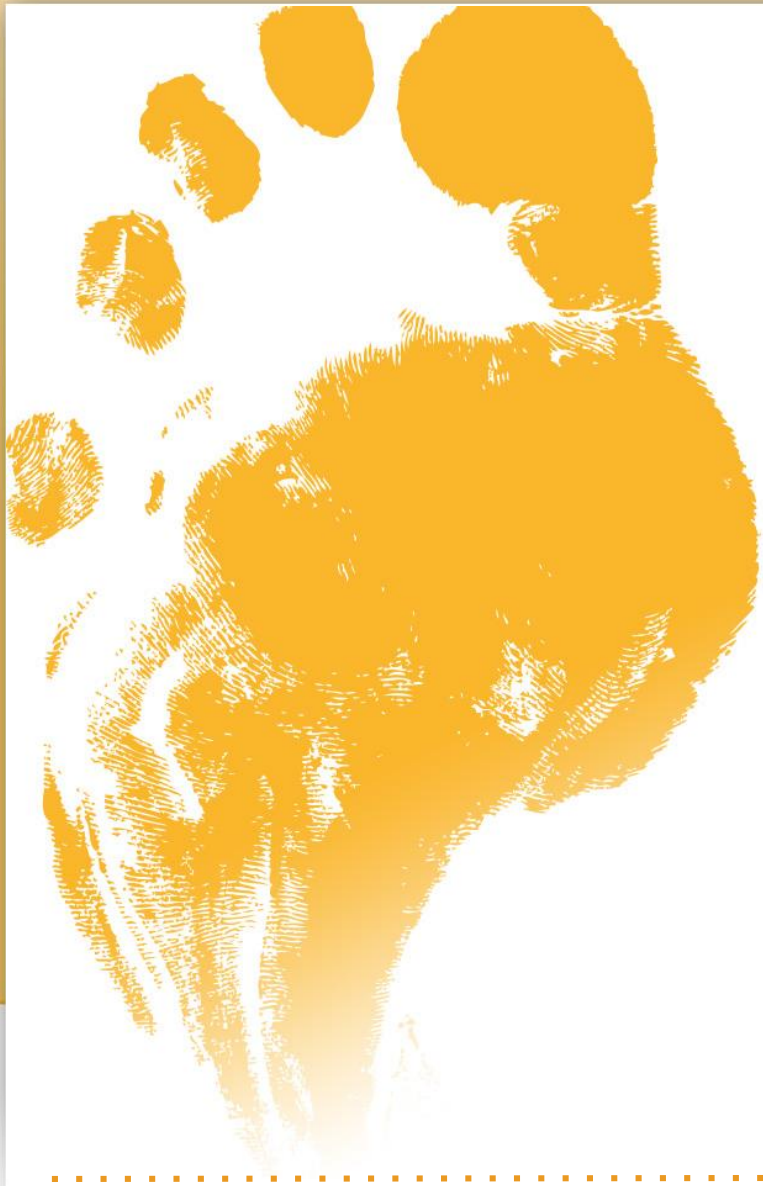
Don't Forget to Consider the Newton Medical Center Foundation!

Tips for Everyone

1. Get organized
2. Have your Team of Advisors (Financial Planner, Accountant, Insurance Advisor, and Attorney)
3. Review/Update your Estate Planning documents frequently
4. Review/Update your Beneficiary Forms frequently
5. Consider the Long-Term Care implications on your Estate
6. Consider any Tax Implications on your Estate

LCR's Wills, Trusts, and Estates Group

- Estate and Tax Planning, including Asset Preservation
- Probate, Estate and Trust Administration, including Estate Taxation
- Estate and Trust Litigation
- Elder Law
- Health and Long-Term Care Planning, including Medicaid
- Retirement Planning and Benefits
- Public Benefits (Social Security, Medicare, Medicaid)
- Surrogate Decision-Making (Power of Attorney, Healthcare Directives, Guardianships, Conservatorships)
- Special Needs and Disability Planning



QUESTIONS?

THANK YOU!

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