

ESTATE PLANNING IN A HIGH EXEMPTION ENVIRONMENT

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The Law Used to Be...

- Two decades ago the estate tax exemption was a mere \$600,000
- Estate tax deferral and reduction used to be critical components of the great majority of estate plans



The Law Used to Be...

- Deferral involved utilizing marital and family trusts for married couples
- Avoidance involved irrevocable trusts and the attendant inflexibility

The Law Is Now...

- Enter Tax Cuts and Jobs Act
- Exemption is \$11,180,000 for 2018



The Law Is Now...

- Like prior increases, the increase under the TCJA is scheduled to “sunset”
- On January 1, 2026, the exemption reverts to \$5,000,000, as adjusted for inflation

How Does This Impact Planning?

- Nontax reasons for planning remain
- Portability drives use of joint trusts for couples
- Large lifetime gift?



Modify Existing Plans?

- Review the estate plan!
- One trust or two?
- Look at marital/family trust funding



Can I Modify the Irrevocable?

- Read the trust agreement!
- Read the trust agreement!!
- Read the trust agreement!!!



Can I Modify the Irrevocable?

- Nonjudicial settlement agreement MCL 700.7111
- Judicial modification MCL 700.7411
- Decant MCL 700.7820a

Thank you for attending

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