

2020 Year-End Planning Considerations

The Federal Estate Tax still exists. For many, it is not a concern, but for some, it still has teeth. Beware: It may return with a vengeance. A large portion of this tax exemption may go away after December 31, 2020. Fortunately, opportunities to use the exemption still exist.

The Current State of the Law

- Current Federal Estate Tax Exemption is \$11.58 million per person
- Current Federal Estate Tax Rate is 40%
- This means . . . The value of an estate in excess of \$11.58 million is taxed at 40%
 - BUT: The exemption is scheduled to be cut in half in 2026
 - AND: Candidate Biden has proposed returning the estate tax to its “historic level.” As early as January 1, 2021:
 - The tax exemption could be \$5 million or less
 - The tax rate could be 55% or more

Some Strategies To Consider

- To take advantage of your current exemption, consider these three strategies:
 - Sale to “Defective Trust”
 - Spousal Limited Access Trust
 - Grantor Retained Annuity Trust
- These strategies hedge against risk that tax exemption is reduced as early as next year
- The time to act is now

For more information, please contact:

For more information, please contact any of our attorneys listed below or another member of our [Personal Wealth, Estates & Trusts Practice](#).



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