



## Estate Planning in 2021 and Beyond

The new administration has proposed tax changes that could affect estate planning for the wealthy.

While these proposals may not pass, they offer an important reminder. No matter what, it's important to remain alert to how the tax code can affect investments and the assets we want our families to inherit.

And while it's hard to act in the face of uncertainty, keeping tabs on your estate planning can help. Here are a few things to keep in mind.

### Estate Tax Proposals

[For 2021](#), the lifetime federal estate tax exemption is \$11.7 million per person. Beyond those thresholds, the estate tax rate on most assets is 40%.

In 2026, the exemptions will reset to [\\$5 million](#) if the rules don't change. But one proposed bill would cut the exemption to \$3.5 million and raise the estate tax rate in 2022.

### Setting Up a Trust

An irrevocable trust requires you to give up control over the assets you place in it, but it exempts them from estate taxes. Trust assets also stay out of probate when you die. Avoiding probate will save your heirs money on court fees and keep your finances private.

Because some politicians have proposed limiting gifts to irrevocable trusts to \$30,000 per donor per year, establishing a trust this year could be an important tax-saving move.

### Selling Appreciated Assets

Another proposal would increase capital gains tax rates. Accordingly, some may consider selling appreciated assets such as stocks or a family business in 2021 to avoid higher capital gains tax rates in 2022 and beyond.

## Here to Guide You

Wealth preservation can be a complex topic, especially when laws are in flux. Please stay in touch and reach out with any questions. We can help you prepare to accommodate any changes the next couple of years may bring.

*The highest Compliment you can give your ROI Financial Advisor is to refer them to someone special like yourself. We thank you for your business & most recent consideration.*



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We help clients get back to the basics of building & maintaining wealth in a tax efficient way.



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