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## Client Bulletin

How often should I review my Estate Planning? When is it appropriate to schedule a meeting with my attorney to review my Estate Planning? These are among the most common questions we are routinely asked...

While there is no “one-size-fits-all” answer, there is one answer which remains a constant. Reviewing your Estate Planning should occur when things *change*. Factors indicating a change include:

1. A change in your health;
2. A change in the law;
3. A change in your financial condition; or
4. A change in your family dynamic or how you interact with family members.

While the approach taken in Estate Planning, including the content and format of the documents we prepared years ago, will work to distribute your assets, there just may be a better, more efficient way to accomplish your objective.

A change in one’s health is an absolute reason to contact your Estate Planning counsel. Our local jurisdictions which have an estate tax do not currently have a gift tax, and therefore, gifts made when facing the possibility of death can save thousands of dollars. Additionally, documents such as Health Care Directives and Powers of Attorneys have been revised in recent years to conform to changes in the law; therefore, updating these documents is essential. Besides these law changes, the newer document language provides your loved ones with a better understanding of your specific desires and directives should you become ill or in need of assistance.

Changes in the law are a prime reason to have your documents reviewed. In the year 2000, we were faced with significant estate taxes when a person’s assets accumulated over \$675,000.00. Today, that level (the “Federal Exemption”) is \$5,430,000.00 per person, and a couple’s estate accumulation can equal nearly \$11,000,000.00 before Federal Estate Taxes are imposed. State Estate Taxes had a chameleon-like existence with little consideration until 2004 due to an off-setting Federal Credit which was discontinued in 2005. As a result, numerous states (including Maryland and the District of Columbia) decoupled, or separated from the Federal Government, to establish their own estate tax laws making State Estate Taxes the driving force in Estate Planning. Recent changes in Maryland will make State Estate Taxes less of a concern over time with phase-in of an increasing State Estate Tax Exemption to match the Federal Exemption over the next four (4) years. The District of Columbia has also addressed

concern over time with phase-in of an increasing State Estate Tax Exemption to match the Federal Exemption over the next four (4) years. The District of Columbia has also addressed increasing the Estate Tax Exemption with an initial increase to \$2,000,000 in 2016, but additional increases to match the Federal Government won't become effective until additional revenue becomes available to cover the cost of other tax cuts that are higher in priority than the estate tax. Virginia, repealed its State Estate Tax in 2006, and Florida continues not to impose either an estate or an income tax. The changes in the estate tax laws imposed at the state level mean most of our clients who had their Estate Planning documents prepared before 2014 should consider reexamining the way the document addresses the potential imposition of State Estate Taxes.

A change in your financial condition may mean that you either have more or less assets than the amount considered when your Estate Planning was initially drafted. We have moved toward consideration of drafting with a Marital Trust, using post-death elections to address the impact of State and Federal Estate Taxes, while attempting to secure the best capital gain income tax avoidance structure for post first death sales of capital assets. Again, this structure is a more efficient way of dealing with changing financial and law-driven realities which can only be measured after the first spouse's death.

More and more Estate Planning documents are being used not only for tax-driven objectives, but also to deal with concerns within the family. Issues such as special needs, creditor protection, concern about potential divorces, or alcohol and substance abuse are all concerns which are routinely covered in a thorough Estate Plan developed around providing a legacy of wealth and protection for generations to come. With wealth comes an obligation to protect your heirs from the impact that wealth may have on their lifestyles. Many families are also interested in wealth protection not only for one generation, but for grandchildren and future generations thereafter. Drafting an Estate Plan to take advantage of the Generation-Skipping Tax Exemption can, in many instances, allow families to accumulate wealth for multiple generations without the imposition of taxes.

Lastly, the mere passage of time is also a reason to consider reviewing your Estate Planning. Are the people named in fiduciary capacities still the people you trust to manage your family and its wealth? Has attainment of age either made the disposition into a Trust more or less necessary?

It is clear that Estate Planning documents need to be reviewed regularly and most certainly when things change. We strive to be your dedicated Estate Planning counsel. Please contact us to schedule a conference call, meeting or discuss any changes which may impact your Estate Planning.