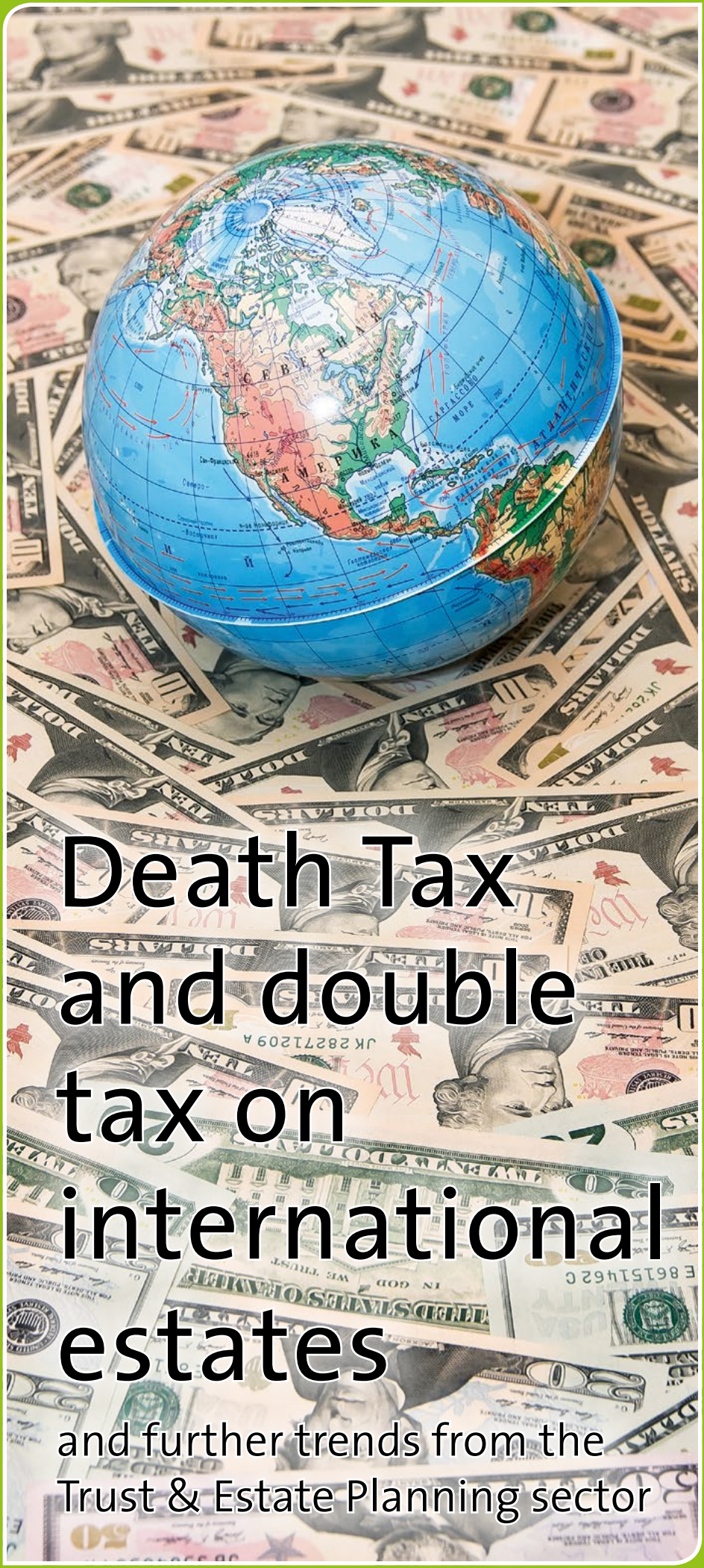
GGi

FYi

Trust & Estate Planning

NEWS



Death Tax and double tax on international estates

and further trends from the Trust & Estate Planning sector

GGI Newsletter
No. 01 | Autumn 2015

Editorial

Dear Readers,

As families become more mobile internationally and the complexity of tax laws and tax reporting compliance efforts increases, trust and estate planners continue to face difficult challenges in meeting the needs of their high net worth clients. In this inaugural GGI Client Information Letter, we have received excellent contributions from a diverse group of quality fellow trust and estate practitioners on a wide spectrum of relevant topics. The treatment of double tax on international estates, ethical considerations for international estate planners, international probate considerations challenges are common issues which require careful consideration. Jurisdiction specific commentary concerning UK assets, Australian wills, Thailand inheritance tax and several United States specific articles should be of interest to all. Finally, the thought of going paperless may indeed cause some sleepless nights. I thank our contributors and strongly encourage practice group members to contact us with submissions for future client information letters.

Yours,
Steven L. Cantor
Global Chairman of the
GGI Trust & Estate Planning
Practice Group

Death Tax and double tax on international estates

By Robert Worthington

High net-worth individuals often have peripatetic lifestyles, being domiciled in one country, with assets in that country and elsewhere, and possibly family members residing in other countries for work, education, or lifestyle reasons. The tax that is imposed on the death of such people can be quite harsh to their estate or heirs. The harsh results are due to differences in the legal and taxation systems with imperfect, or a complete lack of, credit mechanisms or other means to eliminate double taxation. Most major countries have a network of tax treaties to prevent double taxation, but unfortunately most of these treaties only apply income taxes and not the types of taxes exacted on death.

The first issue is that legal systems treat the transmission of a deceased's property differently. Common law countries (the U.K., U.S., Canada, Australia, and others) have the property pass to an executor or trustee initially, who administers the estate and conveys property to the heirs. The "estate" is often a separate taxpayer. In many civil law countries (continental Europe and several parts of Asia), the property "drops like a rock," directly to the heirs. The "estate", then, would not be a taxpayer because that entity or concept is simply non-existent. Taxpayer mismatches can easily lead to double tax problems – or potentially, "double non-taxation" opportunities.

Compounding the issue is that the architecture of death taxes may take three different forms, or variations thereof. The first form is an "estate tax", levied on the deceased's estate, often computed as a percentage of the value of the estate (the U.S., South Africa, and parts of Switzerland). The second form is an "inheritance tax", imposed on the heirs who inherit the deceased's property (France, Italy, Netherlands, and most of Switzerland). The third form is a tax on accrued capital gains on the deceased's property (Canada, the relevant taxpayer being the deceased, with the gain being reported in his or her terminal tax return). Another consideration is that different political subdivisions within a country may levy different types of taxes, such as land transfer taxes, VAT, or probate fees.

Moving assets to a friendly jurisdiction is not normally a solution because most countries will impose death taxes on worldwide assets of a person who was resident or domiciled in that country before death. Furthermore, some countries (such as the U.S.) impose a tax on assets situated in that country, even though the deceased taxpayer resided elsewhere.

As mentioned, tax treaties that address death taxes are small in number. Domestic tax laws often have inadequate credit mechanisms as well. Consider the situation of a Canadian resident with property in the U.S. and heirs in France. Canada would tax the

deceased on the accrued capital gain, the U.S. would impose a tax based on the fair market value of U.S. situs assets, and finally France would proceed to tax the beneficiaries. Double or even triple taxation could result.

Emigration to a favourable jurisdiction may be an option for some. If that strategy is pursued, the issues to consider are that the death taxes may follow the migrant for a period of time (Germany), or an exit tax may be charged upon leaving the country (the U.S., Canada). Giving property away to heirs during the person's lifetime might be worth considering, however most countries that have inheritance tax or estate tax also have a companion gift tax regime to neutralize any advantage.

Other highly-customized planning options may be available. It is important to be proactive, however. As with life insurance, the benefit of such planning is realized the sooner in life it is implemented.

GGI member firm
Shea Nerland Calnan LLP
Tax and Legal
Calgary, Canada
Robert Worthington
E: rworthington@snclaw.com
W: www.snclaw.com

Robert Worthington

Robert Worthington is a tax partner at Shea Nerland Calnan LLP Business. His practice includes tax planning for trusts, corporations, and shareholders of private companies, as well as for transactions of a broad spectrum of complexity and size, both domestic and international. He is member of the Society of Trust and Estate Practitioners, Canadian Bar Association, Canadian Tax Foundation, and International Fiscal Association.

Shea Nerland Calnan LLP is a premier tax and business law firm in western Canada based in Calgary. The firm's lawyers are recognized as highly innovative and at the forefront of complex tax planning opportunities, estate planning, and tax litigation, with broad experience in capital markets, securities, real estate, mergers & acquisitions, business litigation and strategic representation.

snc · law tax + business law professionals

good business

Multijurisdictional Estate Planning

Ethical Considerations

By Steven L. Cantor and Alexandre M. Denault

In a multijurisdictional estate planning practice, it is essential for planners to identify their client's worldwide legal issues. While understanding the legal issues that can arise under foreign law is important, frequently, the extent of a planner's duty is to identify the issues and pose the questions to qualified professionals in the relevant jurisdictions.

Professional advice for private clients often involves tax law, estate and trust law, property

...*next page*

law, corporate law and real estate law. Usually, planners are competent to render the appropriate advice, but it is not uncommon for the issues to stray from the routine to the esoteric, and thus require specialized legal advice.

Identifying when to seek specialized legal advice often depends on the planner's own level of competence vis-à-vis the issue at hand.

Even if a planner feels comfortable rendering advice on a particular issue, he or she must still consider whether the advice should instead be rendered by a lawyer in another country. When legal issues arise under the laws of another country, a planner should seek the advice of a professional in the affected country in order to determine who is authorized to render the advice under applicable law.

These unique challenges in the international estate planning field can be overcome through cooperation among professional colleagues. Cooperation not only better protects the professional from ethical missteps, but leads to better results for the client.

GGI member firm
Cantor & Webb P.A.
Tax, Law Firm, Fiduciary & Estate Planning
Miami, FL, United States
Steven L. Cantor
E: steve@cantorwebb.com
Alexandre M. Denault
E: alex@cantorwebb.com
T: +1 305 374 38 86
W: www.cantorwebb.com

Steven L. Cantor

Alexandre M. Denault

With over 30 years of experience **Steven L. Cantor,** founder and managing partner of the firm handles a variety of complex foreign trusts with U.S. assets and/or beneficiaries, tax and estate planning for multinational families, pre-residency planning, and structuring on foreign investment in United States real property. Mr. Cantor is the recipient of the 2011 Society of Trust and Estate Practitioners (STEP) Founder's Award for Outstanding Achievement. He serves as Global Chairperson of GGI's Trust & Estate Planning Practice Group.

Alex Denault is an Associate focusing in international taxation and estate planning.

Cantor & Webb P.A. is a Miami, Florida based law firm focused on the representation of ultra-high net worth international private clients in the areas of cross border tax and estate planning, United States tax compliance services, family office advisory services, and cross-border real estate transactions.

CW CANTOR & WEBB P.A.
ATTORNEYS AT LAW
FOR THE INTERNATIONAL PRIVATE CLIENT

College Supplies in Check: What about Critical Documents?

By Emily Kirtley Hanna

When preparing to send a child over the age of 18 off to college or into the workforce, parents often overlook the need to ensure certain estate planning documents are in place. If the young adult were to get ill while at school or get injured on the job, parents are no longer provided with legal authority, as a natural guardian, and may not have the ability to speak with medical professionals or make decisions on their behalf, without the proper authorisations in place.

The restriction against disclosing details on the young adult's medical care is a result of the privacy protections mandated by HIPAA, which prevents medical professionals from discussing information with anyone other

than the patient, including parents.

A Health Care Power of Attorney is used to name the person(s) who have authority to make medical decisions, if the individual is unable. It can also be used to provide the incapacitated person with the care that he/she would have wanted or needs. It should also contain a health proxy, which allows the named parent access to medical records.

Without this, parents may face obstacles to determine whether their child has even been admitted to the hospital. Obstacles may eventually be overcome, but in a matter of emergency, time is often of the essence.

Estate planning may not be on top of a college-bound child's "to-do" list, but it should be for a parent. Taking simple measures to ensure the proper documentation is in place, could help avoid complex issues in the future.

GGI member firm
Dressman Benzinger LaVelle psc
Law Firm,
Crestview Hills, KY, Cincinnati, OH,
Louisville, KY, USA
Emily Kirtley Hanna
E: ehanna@dbllaw.com
T: +1 859 341 1881
W: www.dbllaw.com

Emily Kirtley Hanna

Emily Kirtley Hanna is a partner with Dressman Benzinger LaVelle psc, DBL Law, and practices primarily in the firm's litigation group, with an emphasis in estate and trust, commercial, as well as debtor/creditor's rights.

Dressman Benzinger LaVelle psc is a full-service law firm with offices in Cincinnati, Ohio; Crestview Hills, Kentucky; and Louisville, Kentucky. Recognized as a "Best Law Firm" for the fifth consecutive year by US News & World Report - Best Lawyers® 2015 Best Law Firms rankings, DBL Law provides a high level of valuable legal services to companies, institutions and individuals.

DBL Law
Dressman Benzinger LaVelle psc

Dying holding UK assets

By Nick Brennan

Some of your clients, even if they have never set foot in the UK may be liable to IHT if they die holding UK assets!

The territorial limits of UK inheritance tax (IHT) are stated in terms of what is called 'excluded property', the main class of which is non-UK assets where the owner is not UK domiciled. Domicile is broadly the country that a person treats as their permanent home.

Residence is not directly relevant but an intention of continuing indefinite residence can mean one becomes UK domiciled; also for IHT purposes by being resident in 17 (15 from April 2017) or more of the 20 tax years culminating in the tax year giving rise to an IHT charge.

Specific to the position of individuals

...next page

who are both non-UK resident and non-UK domiciled some ideas on ways to mitigate IHT are:

1) There is no IHT on the first £325k of assets.
2) Invest in assets which are treated as exempt including government stocks.
3) There is an exemption for assets left to a spouse or civil partner. Generally assets will pass according to a Will or in its absence the intestacy rules.
4) Gift UK assets. But the donor needs to survive seven years for the gift to be an excluded estate asset.
5) Change asset situs. Transfer cash to a non-UK bank account. Sell a UK asset and remove the proceeds from the UK. Sell the asset to a non-UK company so that shares are held in a non-UK company which is excluded property - generally does not work in respect of UK residential property.
6) Borrow to purchase and secure the debt on the UK asset.

GGI member firm
Citroen Wells Chartered Accountants
Auditing & Accounting, Tax, Advisory, Corporate Finance, Fiduciary & Estate Planning
London, United Kingdom
Nick Brennan
E: Nick.Brennan@citroenwells.co.uk
T: +44 20 7304 2022
W: www.citroenwells.co.uk

Nick Brennan

Tax partner **Nick Brennan** handles a wide range of issues calling on extensive experience of compliance and structuring, both UK and international, in advising individuals, businesses and trusts. He is a Chartered Accountant and secretary of the London Branch of the Chartered Institute of Taxation.

Citroen Wells' partners include specialists with years of practical knowledge assisting their international clients including the financial problems facing property investors, dealers and developers. They offer a range of high quality accounting, tax, financial and business services.

citroen wells
CHARTERED ACCOUNTANTS

Going Paperless:

An Organizer's Dream, but a Potential Estate Planning Nightmare

By Maurice Offit

Here's a sad, but true story. The parents of a 35-year-old son, who had suddenly passed away, retained a law firm to administer their son's estate. The law firm asked the parents for a copy of their son's Will, his income tax return, his bank and brokerage statements, and his life insurance policies. Unfortunately, none of these documents could be produced as the son had gone paperless (everything was stored electronically on the son's computer) and failed, during his lifetime, to provide anyone with his user identification and password.

Sadly, stories like this raise new legal issues – issues that didn't have to be addressed before, as years ago, people stored their most important documents in safes, fire proof cabinets, and safe deposit boxes. Now, almost all documents are stored electronically and paper documents are quickly becoming a thing of the

past. Almost everyone dreams of going paperless as paper takes up space and can be hard to find. In contrast, electronically stored documents can be accessed 24 hours per day, 365 days per year, as long as the correct user ID and password is used.

Unfortunately, more often than not, user IDs and passwords aren't written down, much less shared with other individuals. As a result, it's difficult (in some cases, almost impossible) to recover important electronically stored information – information that will be needed to properly administer a decedent's estate.

User IDs and passwords need to be safeguarded. Otherwise, electronically stored data won't be secure. But, at the same time, user IDs and passwords need to be shared with the individuals named as the executors in the Will. Otherwise, as noted above, the beneficiaries named in the Will may not be able to gain access to their inheritance.

GGI member firm
Offit Kurman Attorneys at Law
Law Firm
Baltimore, MD, USA
Maurice Offit
E: moffit@offitkurman.com
T: +1 301 575 030 8
W: www.offitkurman.com

Maurice Offit

Maurice Offit is an estate planning attorney, co-founder of Offit Kurman Attorneys at Law and a member of the firm's Management Committee. Mr. Offit counsels a large number of clients who share an interest in minimizing estate taxes and asset protection from the claims of creditors. Established in Maryland in 1987, **Offit Kurman Attorneys At Law** began as a niche-practice law firm. They are a dynamic legal services provider with clients throughout the mid-Atlantic region and beyond. In every interaction, they consistently strive to maintain clients' trust, further their objectives and help them achieve their goals.

Offit | Kurman®
Attorneys At Law

the perfect legal partner®

Cross Border Probate

By Stuart Goodbody

At Thomson Snell & Passmore we are frequently called upon to secure English grants of probate for managing the British-based assets of deceased persons who were domiciled outside the UK. The following case is an example.

The deceased, an international businessman, died 30 years previously domiciled in Quebec. He was a substantial depositor with the London branch of former bank BCCI.

BCCI collapsed several years later, before the Quebec-based executors had taken control of the deceased's UK estate. They had a claim in the liquidation and needed to validate their authority to act in the UK.

When the executors received notice that the UK liquidation process for BCCI was to close at the end of that year,

...next page

GGI member firm
Thomson Snell & Passmore
Law Firm
Tunbridge Wells, Dartford, UK
Stuart Goodbody
E: stuart.goodbody@ts-p.co.uk
T: +44 1892 701 293
W: www.ts-p.co.uk

Stuart Goodbody

Stuart Goodbody joined Thomson Snell & Passmore's Private Client team in 1990 and became a partner in 2001. He was admitted to the Society of Trust and Estate Practitioners in 1995. His special expertise includes: cross border estate administration, tax planning, Will drafting, the modification & termination of trusts, bespoke co-ownership agreements for property and probate for foreign domiciliaries.

Thomson Snell & Passmore (TSP) is a full service law firm in England, with over 100 lawyers, many are recognised as leading individuals by independent guides to UK law firms. They offer clear, practical legal advice that results in the best possible outcome for their clients.

Thomson Snell & Passmore

urgent action was necessary. Otherwise, the claims of former UK depositors would have to be pursued in Luxembourg, with additional complications and expense.

There were two particulars challenges: Quebec, alone of the Canadian provinces, did not issue grants of probate. A full English probate application was needed.

The deceased died when capital transfer tax was still in force. So existing UK inheritance tax forms were not relevant.

Nevertheless, by liaising closely with the tax office, the probate registry and the executors' advisers in Quebec, the desired outcome was achieved. Despite the seasonal shutdown towards the end of December, probate of the deceased's UK estate was obtained shortly before the deadline. The executors were able to pursue their claim in the BCCI liquidation.

U.S. Supreme Court

Decision on Same Sex Marriage

By Janet Wilson Moore

On June 26, 2015, the U.S. Supreme Court decided Obergefell v. Hodges, holding that all states must license marriages between same sex couples and recognize all marriages lawfully licensed out-of-state. The Court concluded that exclusion of same sex couples from the right to marry denied them equal protection under the Fourteenth Amendment.

Thirteen states consisting of Arkansas, Georgia, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Tennessee and Texas deny the right of same sex couples to marry. Now all states must grant this right.

Same sex married couples can now file joint income tax returns at the state level, regardless of state of residence and can amend open tax returns to file jointly.

Same sex married couples will now have the right to inherit property from a deceased spouse or to elect a spousal share under state statutes.

Same sex couples who are U.S. citizens will now be entitled to an unlimited estate tax marital deduction at the state level. All citizen spouses will be able to make unlimited gifts to their spouses without gift tax.

Same sex married couples will have the right under state laws to make medical, end-of-life, and funeral decisions.

Same sex married couples will be recognized for retirement benefits at the state level. Employers must treat all employees' spouses equally for purposes of health insurance benefits.

While Obergefell provides clarity in some areas, it raises questions in others. Spouses should consider the impact of the case on their estate planning and adjust their plans as needed.

GGI member firm
Mirick, O'Connell, DeMallie & Lougee, LLP
Law Firm, Corporate Finance
Boston, MA, Westborough, MA, Worcester, MA, USA
Janet Wilson Moore
E: jmoore@mirickoconnell.com
T: +1 508 791 85 00
W: www.mirickoconnell.com

Janet Wilson Moore

Janet Wilson Moore is a partner of Mirick, O'Connell, DeMallie & Lougee LLP in Worcester, Massachusetts, where she focuses her practice on estate planning, estate/trust administration, and elder law. She is a fellow of the American College of Trust and Estate Counsel and a member of the National Academy of Elder Law Attorneys.

Mirick O'Connell is a 60-attorney law firm servicing businesses and individuals from its offices in Worcester, Westborough and Boston, Massachusetts. Founded in 1916, Mirick O'Connell brings innovative solutions to the issues facing its diverse client base. The firm serves clients throughout New England, the United States and abroad.

MIRICK O'CONNELL
ATTORNEYS AT LAW

Thailand's First Inheritance Tax

By Paul Gambles

Thailand will finally have its first inheritance tax (IHT); becoming the third ASEAN (Association of Southeast Asian Nations) sean country to have IHT. The IHT was published in the Royal Gazette in August,[1] meaning it come into effect in January 2016. For a decade, various governments tried to install such a tax.[2] The last attempt failed to receive National Legislative Assembly approval in February 2015.[3] Consequently, the eventual law is a watered-down version of the above. The finalized IHT will now only be applied to assets worth more than THB 100m (USD 2.8m). Descendants will be taxed at 5% above the threshold and other parties 10%. Gifts to descendants will be taxed at 5% above the THB 20m (USD 559,000). Recipients of gifts who are not descendants will be taxed 5% above a THB 10m threshold.

In a country in which the richest 1% of the population owns 50.5% of the wealth,[4] the government is aiming to use the IHT to encourage the rich to donate more to charity and public causes and leave fewer assets to their children.[5]

GGI member firm
MBMG Group
Auditing & Accounting, Tax,
Law Firm, Advisory, Corporate Finance
Bangkok, Thailand
Paul Gambles
E: paul@mbmg-investment.com
T: +66 2 665 2534 9
W: www.mbmg-group.com

Paul Gambles

Paul Gambles is Co-founder and Managing Partner of the MBMG Group and Director of MBMG Investment Advisory. He has completed CFA Level 1 and he is licensed by the SEC as both a Securities Fundamental Investment Analyst and an Investment Planner. He is a member of Advisory Board of IDEA Economics.
MBMG Group was established in 1996 as a diversified professional services practice and employs almost 50 specialists in advisory services, accounting & audit services, insurance services, legal services, property solutions and estate planning for clients in Thailand, Singapore and throughout Asia.

MBMG
GROUP

1) *http://www.ratchakitcha.soc.go.th/DATA/PDF/2558/A/072/1.PDF (Thai version)*
2) *http://www.aseanbriefing.com/news/2014/08/22/thailand-considers-inheritance-property-tax-reforms.html*
3) *http://www.bangkokpost.com/news/general/475214/inheritance-tax-bill-future-looks-murky*
4) *Global Wealth Databook 2014, Crédit Suisse Research Institute*
5) *http://www.bangkokpost.com/news/general/648832/inheritance-tax-takes-effect-in-january*

Informal Wills and Solicitors' duty of care

By Terry McCabe

'Informal wills' is a term used to describe instruments which fall short of being executed formally in the manner stipulated at law.

Australian courts now have the power to dispense with the formal requirements as to signing and witnessing and accept loosely-drawn documents that give effect to the testamentary wishes of a testator.

The recent case of Howe v Fischer [2014] NSWCA 286 involved a claim by a disappointed beneficiary against a solicitor when an elderly testator, who was otherwise in good health, died in the period between the solicitor receiving instructions and preparation of the final will. The claimant argued that the solicitor was negligent for the delay in making the will and not having an informal will signed by the testator in the interim.

Although the ultimate judgment came in favour of the solicitor, the decision gave important directions for Australian practitioners and for those interested to avail estate planning services.

The court accepted that a solicitor's duty, which draws from his retainer, extends to intended beneficiaries and that he can be liable for a reasonably foreseeable loss suffered by them which emanates from the breach of such duty.

Solicitors taking instructions need to consider the risk of imminent death or incapacity of the testator. If it is reasonably foreseeable that the testator's objective of giving effect to his testamentary wishes may be frustrated, the solicitor should advise him of the possibility of making an informal will.

GGI member firm
McCabes Lawyers
Law Firm
Newcastle, Sydney, Australia
Terry McCabe
E: t.mccabe@mccabes.com.au
T: +61 2 9265 3202
W: www.mccabes.com.au

Terry McCabe

Terry McCabe is the Managing Principal of McCabes. Through years of experience, Terry has developed significant expertise in commercial transactions, structuring, estate planning and business succession matters. This stems from his detailed knowledge of effective operating structures.

McCabes is a specialist Australian law firm providing innovative solutions for individuals and businesses. Having opened its doors in 1991 with only five employees, it now has over 60 lawyers practising in its Sydney and Newcastle offices. McCabes services clientele in all areas of business, and is known for providing high quality and timely advice.

The use of Wyoming as situs for cross-jurisdictional trusts

"Go West Young Man"

By Greg Gartner and Scott Robinson

Wyoming is consistently identified as one of the wealth friendliest states and ranks as one the leading trust jurisdictions in the US.

The Wyoming Uniform Trust Code authorizes self-settled asset protection trusts, purpose trusts, dynasty trusts with near perpetual duration (up to 1,000 years) and directed trusts. Wyoming law also provides for statutory decanting (a discretionary fiduciary power to distribute assets in

trust), trust protectors and unregulated private trust companies. Furthermore, Wyoming law provides for the shifting of the principal place of trust administration after the appointment of a Wyoming trustee to Wyoming, and for both judicial and non-judicial (i.e. consent agreement) modifications of irrevocable trusts.

The US has one of the most far-reaching tax systems in the world and, when it comes to foreign trusts, imposes onerous reporting requirements and a minefield of potential income tax consequences for US persons who are beneficiaries of such trusts. Wyoming is one of only a handful of states that does not impose state level income tax on trust income and capital gains.

There are a variety of scenarios that present planning opportunities where the use of Wyoming for the situs of a cross-jurisdictional trust is beneficial. They include domestication of US foreign trusts, US generation-skipping trusts (i.e. dynasty trusts) and situs for US situs assets and incomes sources.

A more comprehensive discussion is available on the **GGI Forum** (www.ggiforum.com).

GGI member firm
Moodys Gartner Tax Law LLP
Tax, Law Firm, Fiduciary & Estate Planning
Calgary, Edmonton, Canada
Greg Gartner
E: ggartner@moodysgartner.com
Scott Robinson
E: srobinson@moodysgartner.com
T: +1 403 693 51 00
W: www.moodysgartner.com

Greg Gartner

Scott Robinson

Greg Gartner CA, QC, LLB expert in giving tax advice to owner-managed and public businesses, with particular emphasis on business re-organizations, purchases, sales and estate planning. He is an expert in agricultural tax. Greg has gained more than 15 years of experience as a Chartered Accountant.

D. Scott Robinson JD, MBA, LLM (TAX) is a US tax lawyer based out of Boulder, Colorado. Scott brings extensive knowledge of the complex US transfer tax regime, including estate, gift and generation-skipping transfer tax. His insight and experience guides clients closer to meeting their wealth transfer and preservation goals.

Moodys Gartner Tax Law LLP's Canadian and US lawyers, Chartered Accountants, and Certified Public Accountants work together to develop effective tax strategies that get results, for individuals and corporate clients with interests in Canada, the US or both. Their strengths lie in Canadian and US cross-border tax advisory services, estate planning, and tax litigation/dispute resolution. They identify areas of risk and opportunity, and create plans that yield the right balance of protection, optimization and compliance for each of their clients' unique circumstances.

moodys gartner tax law™

Advanced Planning Will Minimize or Eliminate Estate Taxes

By Allen Kutchins

Advanced estate planning during one's lifetime will minimize or eliminate estate taxes. It is a continual process and is most effective when a plan is in place and it works over a period of time.

Following are some of KRD's favorite planning techniques; however, there are many more available. Implementing these can assure that high net-worth clients will minimize or pay no federal estate taxes.

1. Utilize your annual gift tax exclusion. Currently at $14,000 per year, per person ($28,000 per person per year if married).
2. Using a Charitable Remainder Trust (CRT). Keep the income, get a current tax deduction, and give the principal to a charity.
3. Convert your retirement savings into a ROTH IRA; accelerate the income taxes due on the retirement accounts and remove the taxes from the estate.
4. Leverage lifetime gifting by using a family limited partnership. Take advantage of discounts for minority interests and lack of marketability.
5. Use a private foundation to zero out your estate. This will allow you to contribute the balance of your estate over the current exemption ($5,500,000 – indexed for inflation); thus eliminating any federal estate taxes. There are unlimited transfers between spouses and the executor can elect to carryover the unused exemption to the surviving spouse. So you can pass $11,000,000 plus any annual gifts you have made to your heirs.

GGI member firm
Kutchins, Robbins & Diamond LTD
Auditing & Accounting, Tax, Advisory, Corporate Finance, Fiduciary & Estate Planning
Chicago, IL, USA
Allen Kutchins
E: akutchins@krdcpas.com
T: +1 847 240 1040
W: www.krdcpas.com


Allen Kutchins

Allen Kutchins, CPA, is a co-founder and partner of the accounting firm Kutchins, Robbins & Diamond, Ltd. (KRD). With four decades of experience, Allen's specialties include business and family financial planning; ranging from helping accelerate client revenue growth to succession and estate planning.

KRD Ltd. offers a full range of client services – accounting and software consulting, audit and assurance, tax strategy and preparation, business valuations, and financial planning advisory services. Their team of 50 members has been serving clients for 30 years in Chicago and the surrounding areas.

Ten Estate Planning Ideas for 2015

By Rob Le Chevallier

Rob Le Chevallier, an estate planning attorney at Buckley Law in Oregon, offers 10 great ideas for ensuring that you provide for your loved ones:

1. Name your spouse as the primary beneficiary of the IRA or 401k and the children as contingent beneficiaries. If the kids are minors, name a UTMA account as the contingent beneficiary.
2. Consider using a Trusteed IRA for spendthrifts or for beneficiaries who might have alcohol or drug issues.
3. Consider converting part of your IRA to a Roth IRA if there is going to be a long term payout to a beneficiary.
4. If you are charitably inclined, make your gift out of an IRA or 401k. The charity pays no income tax.
5. Open a 529 college saving plan for grandchildren.
6. Consider leaving a gift to your grandchildren to pay off their school loans. The average college student is coming out with $25k to 30k of debt.
7. If you have no grandchildren yet, front-load a 529 plan for a child. It's out of your estate and they can later change the beneficiary to their children.
8. If your estate is over state exemptions (including life insurance) fund a state credit shelter trust on the first death to avoid wasting your state estate tax exemption and to minimize that state's estate tax.
9. If you have a business or real estate holdings, consider making a gift of a minority interest in stock or LLC interests to your children.
10. Pay attention to income taxes. Maximize the stepped-up basis on the death of the surviving spouse. The capital gains tax can be higher than the estate tax.

The full article is available on the **GGI Forum** (www.ggiforum.com).

GGI member firm
Buckley Law P.C.
Law Firm
Portland, OR, USA
Rob Le Chevallier
E: rlc@buckley-law.com
T: +1 503 620 8900
W: www.buckley-law.com

Rob Le Chevallier

Rob Le Chevallier's practice at Buckley Law includes business law, estate planning, probate, trust administration, and real estate law. Rob focuses on the estate planning needs of business owners, who are often so preoccupied with their business that they neglect their own succession issues.

Since the early 1980s, **Buckley Law** has provided a broad range of specialized services in business and commercial law, employment and labor law, real estate and land use, civil litigation, intellectual property, taxation, family and elder law, and estate planning, probate and trust administration.

BUCKLEY LAW P.C.

FYI

Trust & Estate Planning NEWS

Contact

GGI Geneva Group International AG
Schaffhauserstrasse 550
8052 Zurich, Switzerland
T: +41 44 256 18 18
E: info@ggi.com
W: www.ggi.com
W: www.ggiforum.com

Responsible Editor in charge of Trust & Estate Planning Contents:
Steven L. Cantor
Global Chairman of the GGI
Trust & Estate Planning Practice Group
GGI member firm
Cantor & Webb P.A.
Tax, Law Firm, Fiduciary
& Estate Planning
Miami, FL, United States
T: +1 305 374 38 86
E: steve@cantorwebb.com
W: www.cantorwebb.com