

## March 2018 Newsletter

### Quote of the Month: *Aging*

“ Every laugh line, every scar, is a badge I wear to show I’ve been present, the inner rings of my personal tree trunk that I display proudly for all to see.” ~ Pat Benatar

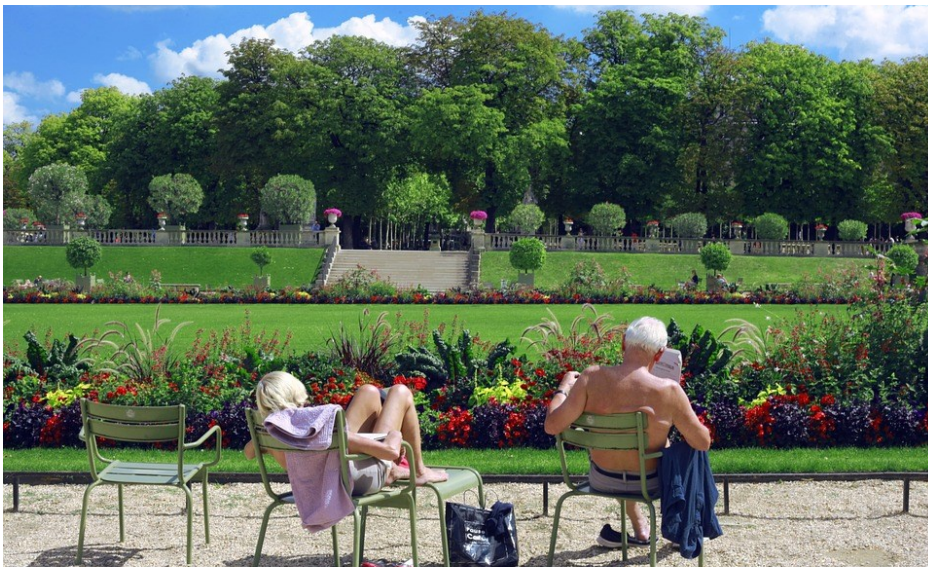
### Bonus Quote: *Are your affairs in order?*

“ Organizing is what you do before you do something, so that when you do it, it is not all mixed up.” ~ A.A. Milne

### March Joke

**Wife:** “ Oh Gosh, I’m convinced my mind is almost gone.”

**Husband:** “I’m not surprised. You’ve been giving me a piece of it everyday for 20 years.”



Life, It ain't over till its over!

### In This Issue

- What is an Advanced Health Care Directive?
- Estate Planning -Myths and Misunderstandings
- Upcoming Seminars



## What is an Advanced Health Care Directive?

The advance health care directive allows you to appoint someone you trust to make health care and potential personal care decisions for you, in the event that you cannot make such decisions for yourself. It gives your appointed agent guidelines of your wishes to help them in making decisions.

### Factors in deciding who your agent for health care will be:

1. Are they assertive enough to push your wishes?
2. Proximity: Are they close by? Though not necessary, it is a factor to consider.
3. Family Dynamics: What potential conflict could arise?
4. Longevity: Will they be around?
5. Financial Agent: Will your financial and health agent be the same?

( Note: This is a brief explanation, you will want to see one of our attorneys for a plan that best suites you)

## Myths and Misunderstandings (an excerpt from the book "Don't write a Blank Check to the Nursing Home") Janis Carney, Co-author

### On Matters of Estate Planning

#### **Myth: *Only Rich and Old People Need an Estate Plan***

**FALSE.** Estate planning is important for everyone, rich or poor, young or old. Estate planning includes much more than planning to save on taxes for the wealthy or planning for the disposition of your estate when you are very old. People of all ages have accidents or suffer sudden illnesses and could die or become severely incapacitated with little or no warning. Estate planning provides for the disposition of your assets according to your wishes. It includes instructions regarding who should care for you or for your young children if you can not do so yourself and lack the mental capacity to make decisions. It allows you to say who should manage your finances, specifies what they can do and what they can't do, and whether a court or someone else should review that person's management. It makes sure that you have thought through what will become of all your assets and that you have a coordinated plan for everything. Estate planning is an ongoing process with the parts needing to be updated as your life's story unfolds over the years, and should be reviewed at least every five years.



## How does the new Tax Law effect your estate planning?

Everyone knows, unless you've been living under a rock, that we now have new federal tax laws, passed in December under the *Tax Cuts and Jobs Act of 2017*. The Act, which made sweeping changes to our income tax rules, also made a major change to our estate and gift tax rules. While I do not intend to address the income tax changes, I am going to address the change to the estate & gift tax in this newsletter. In later newsletters, I will endeavor to also address the estate planning consequences of some of the income tax changes and some of the estate planning options that you may use to get around some of the more problematic parts of the new law while you are living.

First, the major estate and gift tax change was the temporary doubling of the Estate and Gift Tax exemption amount, raising it from about \$5.6 million to \$11.2 million per person in 2018, with this amount indexed to increase annually for inflation. The doubled exemption will be applied to the estates of all persons dying and all gifts made from January 1, 2018 through December 31, 2025.

The Act did not directly increase the exemption amount for the Generation-Skipping Tax (GST), which is applied to transfers that skip one or more generations (like gifts to grandchildren). Nevertheless, it is expected that the GST will also have a doubled exemption amount as the exemption amount of this tax is based on the basic estate and gift tax exemption amount.

The doubling of the exemption amounts effectively means that only a tiny portion of persons will die with estates large enough to be subject to the tax. It has been reported that even before doubling the exemption amount only about .2% of Americans had taxable estates. So now with the new doubled exemption, even fewer Americans will pay any estate or gift taxes.

However, for those individuals who do have taxable estates, the temporary new exemption rates mean that you have an opportunity to transfer the entire exemption amount by making gifts now. Later, if the exemption rates revert to the lower amounts, it is expected that no additional tax will be due for the gifts made during the period when the rates were temporarily doubled. At an effective estate tax rate of 40%, this could potentially save over \$2.2 million in estate and gift taxes for a single individual or \$4.4 million for a couple. Something to think about if you happen to have an extra \$11 million (or \$22 million if you are a couple) to spare.

In my next newsletter, I will address the implications of the new income tax rules on charitable giving.

# Upcoming Events

**Don't Miss Our Free Seminars!** (includes lunch)

**“The 5 SECRETS to Planning for the Second Half of Life and Beyond”**

**Time: 12:30pm-3:00pm**

**Wednesday** March 28, 2018 or **Thursday** March 29, 2018

**Wednesday** April 25, 2018 or **Thursday** April 26, 2018

## **SPECIAL CLIENT ONLY MIXERS & WORKSHOPS**

**(Wine and Appetizers included)**

- To be determined by special invite

**All events are located at our office in Saratoga**

**Please RSVP**

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