



Planning Ahead

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Estate Planning Under the New Tax Act

Under the new Tax Act, the exemption from estate tax was doubled, from \$5,490,000 in 2017 to \$11,200,000 per person in 2018. Estate tax is all but eliminated for most people. But everyone still needs Estate Planning.

There are still 3 critical documents everyone must have: A Will (or Trust as a Will substitute), Durable Power of Attorney for financial matters and an Advance Health Care Directive. These 3 documents are just as important under the new Tax Act as they were before.

Protection During Life. Estate Planning with a Revocable Trust, Durable Power of Attorney and Advance Health Care Directive can protect you in case of incapacity. We are all living longer, but not always living well. Incapacity can happen to any of us. Through advance Estate Planning, your Successor Trustee and Agents will be able to step in to manage your finances and provide for your care when you no longer can.

Avoid Probate. Due to reduced Court budgets and consolidations, it is common for a Probate to take a full year and longer. Meanwhile, assets are tied up and distributions are delayed. And Probates are expensive. The fees to the Executor are set by law and can easily reach \$20,000 and higher. The attorney representing the Executor is entitled to the same fee. A Probate can cost upwards of \$40,000. But a fully funded Revocable Trust can avoid Probate and legal fees are normally much less.

Provide for Loved Ones. Without an Estate Plan, the persons who will inherit from you may not be the people you intend to benefit. Or may require a Court Guardianship if the beneficiary is a minor. Or may jeopardize government benefits if the beneficiary has special needs. With a Will (or Trust as a Will substitute) you can control who will receive your estate, at what age, and how, for example, all at once, in stages or in trust for life. You can protect government benefits for a special needs beneficiary. You can delay distribution to a beneficiary who is still a minor child or a young adult not old enough to handle substantial assets. In case of a blended family, you can both provide for your current spouse and protect the inheritance of children by a prior marriage.

The goals of Estate Planning are the same under the new Tax Act as they were before. The need for good Estate Planning and the 3 critical documents everyone must have remain unchanged.

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